

TORTOISE PIPELINE & ENERGY FUND, INC.
Form N-CSRS
July 25, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-22585

Tortoise Pipeline & Energy Fund, Inc.
(Exact name of registrant as specified in charter)

11550 Ash Street, Suite 300, Leawood, KS 66211
(Address of principal executive offices) (Zip code)

P. Bradley Adams
Diane Bono
11550 Ash Street, Suite 300, Leawood, KS 66211
(Name and address of agent for service)

913-981-1020
Registrant's telephone number, including area code

Date of fiscal year end: November 30

Date of reporting period: May 31, 2018

Item 1. Report to Stockholders.

Quarterly Report | May 31, 2018

2018 2nd Quarter Report

Closed-End Funds

Tortoise

2018 2nd Quarter Report to Stockholders

This combined report provides you with a comprehensive review of our funds that span the entire energy value chain.

Tortoise specializes in energy investing across the energy value chain, including infrastructure and MLPs.

Table of contents

Letter to Stockholders	2	TPZ: Fund Focus	16
TYG: Fund Focus	4	Financial Statements	19
NTG: Fund Focus	7	Notes to Financial Statements	50
TTP: Fund Focus	10	Additional Information	66
NDP: Fund Focus	13		

TTP and TPZ distribution policies

Tortoise Pipeline & Energy Fund, Inc. (“TTP”) and Tortoise Power and Energy Infrastructure Fund, Inc. (“TPZ”) are relying on exemptive relief permitting them to make long-term capital gain distributions throughout the year. Each of TTP and TPZ, with approval of its Board of Directors (the “Board”), has adopted a distribution policy (the “Policy”) with the purpose of distributing over the course of each year, through periodic distributions as nearly equal as practicable and any required special distributions, an amount closely approximating the total taxable income of TTP and TPZ during such year and, if so determined by the Board, all or a portion of the return of capital paid by portfolio companies to TTP and TPZ during such year. In accordance with its Policy, TTP distributes a fixed amount per common share, currently \$0.4075, each quarter to its common shareholders and TPZ distributes a fixed amount per common share, currently \$0.125, each month to its common shareholders. These amounts are subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of TTP’s and TPZ’s performance, TTP and TPZ expect such distributions to correlate with its performance over time. Each quarterly and monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions in light of TTP’s and TPZ’s performance for the entire calendar year and to enable TTP and TPZ to comply with the distribution requirements imposed by the Internal Revenue Code. The Board may amend, suspend or terminate the Policy without prior notice to shareholders if it deems such action to be in the best interests of TTP, TPZ and their respective shareholders. For example, the Board might take such action if the Policy had the effect of shrinking TTP’s or TPZ’s assets to a level that was determined to be detrimental to TTP or TPZ shareholders. The suspension or termination of the Policy could have the effect of creating a trading discount (if TTP’s or TPZ’s stock is trading at or above net asset value), widening an existing trading discount, or decreasing an existing premium. You should not draw any conclusions about TTP’s or TPZ’s investment performance from the amount of the distribution or from the terms of TTP’s or TPZ’s distribution policy. Each of TTP and TPZ estimates that it has distributed more than its income and net realized capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in TTP or TPZ is paid back to you. A return of capital distribution does not necessarily reflect TTP’s or TPZ’s investment performance and should not be confused with “yield” or “income.” The amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon TTP’s and TPZ’s investment experience during the remainder of their fiscal year and may be subject to changes based on tax regulations. TTP and TPZ will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

Tortoise

2018 2nd Quarter Report | May 31, 2018

Closed-end fund comparison

Name/Ticker	Primary focus	Structure	Total assets (\$ millions) ¹	Portfolio mix by asset type ²	Portfolio mix by structure ²
Tortoise Energy Infrastructure Corp. NYSE: TYG Inception: 2/2004 Tortoise MLP Fund, Inc.	Midstream MLPs	C-corp	\$2,306.0		
Tortoise Pipeline & Energy Fund, Inc. NYSE: NTG Inception: 7/2010	Natural gas infrastructure MLPs	C-corp	\$1,314.4		
Tortoise Energy Independence Fund, Inc. NYSE: TTP Inception: 10/2011	North American pipeline companies	Regulated investment company	\$261.9		
Tortoise Power and Energy Infrastructure Fund, Inc. NYSE: NDP Inception: 7/2012	North American oil & gas producers	Regulated investment company	\$249.1		
Tortoise Power and Energy Infrastructure Fund, Inc. NYSE: TPZ Inception: 7/2009	Power & energy infrastructure companies (Fixed income & equity)	Regulated investment company	\$195.9		

¹ As of 6/30/2018² As of 5/31/2018

(unaudited)

Tortoise

1

Tortoise

Second quarter 2018 report to closed-end fund stockholders

Dear stockholders,

The broad energy sector had a strong recovery in the second fiscal quarter with the S&P Energy Select Sector[®] Index, returning 14.7% during the fiscal quarter ending May 31, 2018. We believe that energy fundamentals remained intact throughout the volatility, while technicals drove market sentiment. In our view, the missing piece of the puzzle for a sustained recovery has been an increase in fund flows and institutional investment into the energy sector. During the fiscal quarter, these catalysts have started making an impact and we believe it bodes well for the energy sector, which was the top performing sector in the S&P 500 during the period.

Upstream

With improving commodity prices, performance of upstream oil and gas producers, as represented by the Tortoise North American Oil and Gas Producers IndexSM, returned a robust 19.2% for the second fiscal quarter.

Crude oil prices hit another milestone during the second fiscal quarter, with West Texas Intermediate (WTI) crossing \$70 per barrel in early May. Oil prices opened the fiscal quarter at \$61.64 per barrel, peaked at \$72.24 on May 21, 2018 and dipped back to below \$70 to end the fiscal quarter at \$67.04. Increased geopolitical risk partly drove performance as Venezuelan production continued to decline and sanctions likely result in reduced Iranian production later this year. Further, OPEC agreed to modestly increase supply to account for declines, though agreed upon levels remained below the previously agreed upon quota.

Yet not all crude oil prices are the same. During the second quarter, the average price per barrel of oil sold in Midland, TX, the heart of the Permian basin, was approximately \$8 cheaper than a barrel of oil sold in Cushing, OK, the WTI pricing hub. For context, during the first quarter of 2018, the differential was just \$0.37, according to Bloomberg. We believe the differential widened due to the lack of infrastructure to transport the increasing supply of oil produced in the Permian. We expect the trend to continue, and may widen even further until new pipeline infrastructure is expected to become operational in late 2019. The spread between WTI and Brent also grew to its widest levels since 2014, with rising U.S. production and reduced supply from foreign producers with Venezuela and Iran as the key culprits.

U.S. crude oil production is expected to average 10.8 million barrels per day (MMbbl/d)¹ in 2018, as estimates continue to increase¹. Though specifically from the Permian basin, we expect a temporary slowdown in production growth to allow infrastructure to catch up with the prolific supply. Due to increased domestic production, total net imports of crude oil and petroleum product are expected to fall from an annual average of 3.7 million b/d in 2017 to an average of 2.5 million b/d in 2018 and fall further to 1.6 million b/d in 2019, which if achieved would be the lowest level since 1959¹.

Natural gas prices were relatively stable during the second fiscal quarter, though prices were inconsistent throughout the country. The Northeast saw higher prices with additional takeaway capacity coming out of the Marcellus. In the Permian, pressure continued to mount with the additional associated natural gas production leading to significant basis differentials. Natural gas prices opened the fiscal quarter at \$2.66 per million British thermal units (MMBtu), hit the low for the quarter at \$2.58 on March 23, 2018, then peaked to end the fiscal quarter at \$2.94.

Natural gas production is expected to average 79.5 billion cubic feet per day (bcf/d) in 2018 and 85.5 bcf/d in 2019². Growing U.S. production supports more exports of liquefied natural gas (LNG) as exports are forecast to increase by nearly 60% from 2017-2018 and another 70% from 2018-2019¹ with existing facilities ramping and new facilities expected to come on-line.

Midstream

The midstream energy market stabilized in the second fiscal quarter following greater clarity on those companies most impacted by the FERC income tax allowance ruling in March. Midstream companies continued to simplify their structure by eliminating incentive distribution rights (IDRs) and through M&A activity. We think the proliferation of IDR elimination will continue, which will be beneficial in the long term, in our view. We continue to have high conviction for the MLP model due to its value of not having entity level tax exposure.

It is notable that on July 18, the FERC issued its final notice of proposed rule-making related to the treatment of income taxes for natural gas cost of service pipelines and it included a few changes from the March ruling. We think the final notice provides clarifications and believe changes will positively impact MLPs that operate cost of service pipelines.

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

As part of the evolution of midstream energy, many companies have continued to strengthen their balance sheets. In addition, increased U.S. production translated to strong midstream cash flow growth, improving distribution coverage and leverage ratios. Higher distribution coverage is expected over the next several years as a result of operating leverage driven by volume growth, new projects coming online and slowed distribution growth by some companies. With higher coverage, companies are expected to direct an increasing amount of internal cash flow to funding capital expenditures. Companies are also expected to benefit from balance sheet capacity as leverage is projected to decline over the next three years. We believe higher distribution coverage and lower leverage results in greater distribution sustainability.

Pipeline companies, as measured by the Tortoise North American Pipeline IndexSM, returned 8.6% in the second fiscal quarter. MLPs, as represented by the Tortoise MLP Index[®], also improved, returning 5.5% for the same period. Our outlook for capital investments is approximately \$120 billion for 2018 to 2020 in MLPs, pipelines and related organic projects. We believe these projects are critical to relieve takeaway capacity constraints, particularly in the aforementioned Permian basin where additional infrastructure is needed to reach its full production capabilities.

(unaudited)

2

Tortoise

Downstream

The International Maritime Organization requires a reduction in marine fuel sulphur in 2020, otherwise known as IMO 2020. This regulation is expected to significantly reduce greenhouse gas emissions. Approximately 3 MMbbl/d of high sulphur fuel oil will be displaced by low sulphur fuel oil. Given the increased demand, low sulphur fuel oil prices are forecasted to rise. In addition, other light refined products like gasoline, may experience higher prices as well due to greater demand for cleaner products. U.S. refiners stand to profit from this development, along with benefitting from the aforementioned price differential between WTI and Midland priced crude oil.

As a result of coal to natural gas switching, the share of U.S. total utility-scale electricity generation from natural gas-fired power plants is expected to rise by 2% in 2018 and coal production is expected to decline by 2% in 2018 as domestic coal consumption is expected to decline by 5% and exports are anticipated to decline by 4% in 2018¹.

Capital markets

Capital markets activity slowed during the second fiscal quarter with MLPs and other pipeline companies raising nearly \$14 billion in total capital, with the majority of the issuance in debt. There were no initial public offerings (IPOs) during the period. We believe that many companies have continued to embrace the self-funding model for growth projects in lieu of accessing the capital markets.

Merger and acquisition activity among MLPs and other pipeline companies was consistent with the previous fiscal quarter with more than \$20 billion in activity announced. The largest announced transaction of the second fiscal quarter was The Williams Companies plan to acquire Williams Partners L.P. as part of its simplification efforts valued at nearly \$10 billion.

Concluding thoughts

As we transition into the second half of 2018, we see tremendous opportunity unfolding across the energy sector with crude oil supply tightening in the face of strong demand, and the U.S. in an enviable position to become the incremental supplier of natural gas to the world. In our view, the fundamental health of midstream companies continues to only strengthen, valuations are near multi-year lows and wide natural gas and crude oil price locational differentials provide clear demand for more infrastructure. We think midstream energy is well positioned for years to come.

Sincerely,

The Tortoise Energy Team

The S&P Energy Select Sector[®] Index is a capitalization-weighted index of S&P 500[®] Index companies in the energy sector involved in the development or production of energy products. The Tortoise North American Oil and Gas Producers IndexSM is a float-adjusted, capitalization-weighted index of North American energy companies engaged primarily in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). The Tortoise North American Pipeline IndexSM is a float adjusted, capitalization-weighted index of energy pipeline companies domiciled in the United States and Canada. The Tortoise MLP Index[®] is a float-adjusted, capitalization-weighted index of energy master limited partnerships.

The Tortoise indices are the exclusive property of Tortoise Index Solutions, LLC, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Tortoise MLP Index[®], Tortoise North American Pipeline IndexSM and Tortoise North American Oil and Gas Producers IndexSM (the "Indices"). The Indices are not sponsored by S&P Dow Jones Indices or its affiliates or its third party licensors (collectively, "S&P Dow Jones Indices LLC"). S&P Dow Jones Indices will not be liable for any errors or omission in calculating the Indices. "Calculated by S&P Dow Jones Indices" and its related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by Tortoise Index Solutions, LLC and its affiliates. S&P[®] is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS"), and Dow Jones[®] is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones").

It is not possible to invest directly in an index.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

1 Energy Information Administration, June 2018
2 PIRA Natural Gas, June 2018

(unaudited)

Tortoise

3

Tortoise

Energy Infrastructure Corp. (TYG)

Fund description

TYG seeks a high level of total return with an emphasis on current distributions paid to stockholders. TYG invests primarily in equity securities of master limited partnerships (MLPs) and their affiliates that transport, gather, process or store natural gas, natural gas liquids (NGLs), crude oil and refined petroleum products.

Fund performance review

The midstream energy market stabilized in the second fiscal quarter following greater clarity on those companies most impacted by the FERC income tax allowance ruling in March. Many midstream companies have experienced improving distribution coverage and leverage ratios over the last several quarters. Average coverage ratios for the fund's portfolio companies has increased from 1.22x in 1Q 2016 to 1.30x in 1Q 2018 and the average leverage ratio has declined from 4.3x to 3.7x during the same period. We believe this improvement helps insulate the fund's distribution. The fund's market-based and NAV-based returns for the fiscal quarter ending May 31, 2018 were both 6.0% (including the reinvestment of distributions). Comparatively, the Tortoise MLP Index[®] returned 5.5% for the same period.

Second fiscal quarter highlights

Distributions paid per share	\$0.6550
Distribution rate (as of 5/31/2018)	9.1%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in February 2004	\$31.7725
Market-based total return	6.0%
NAV-based total return	6.0%
Premium (discount) to NAV (as of 5/31/2018)	8.2%

Key asset performance drivers

Top five contributors

Company name	Company type
Magellan Midstream Partners, L.P.	Midstream refined product pipeline MLP
Enterprise Products Partners L.P.	Midstream natural gas/natural gas liquids pipeline MLP
Energy Transfer Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP
Western Gas Partners, LP	Midstream gathering and processing MLP
Plains All American Pipeline, L.P.	Midstream crude oil pipeline MLP

Bottom five contributors

Company name	Company type
Buckeye Partners, L.P.	Refined product pipeline MLP
Enbridge Energy Partners, L.P.	Midstream crude oil pipeline MLP
Spectra Energy Partners, LP	Natural gas pipeline MLP
Dominion Energy Midstream Partners, LP	Midstream natural gas/natural gas liquids pipeline MLP
Andeavor Logistics LP	Midstream crude oil pipeline MLP

Unlike the fund return, index return is pre-expenses and taxes.

Performance driver

Raised 2018 guidance with potential for further increase on fundamental improvement
Delivered steady cash flow and healthy project backlog
Strong volume growth across integrated pipeline network
Positive outlook from parent company's Permian basin footprint
Expected crude oil production growth from Permian basin

Performance driver

Weaker than expected earnings tied to storage market fundamentals
Strategic review with lower distribution viewed unfavorably by market
FERC income tax allowance ruling
Parent company activity and equity offering
Concern on drop-down inventory following proposed acquisition of parent company

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be

construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

(unaudited)

Fund structure and distribution policy

The fund is structured as a corporation and is subject to federal and state income tax on its taxable income. The fund has adopted a distribution policy in which the Board of Directors considers many factors in determining distributions to stockholders. Particular emphasis is given to Distributable cash flow (“DCF”) and distribution coverage. Distribution coverage is DCF divided by distributions paid to stockholders. Over the long term, the fund expects to distribute substantially all of its DCF to holders of common stock. The fund’s Board of Directors reviews the distribution rate quarterly, and may adjust the quarterly distribution throughout the year. Although the level of distributions is independent of the funds’ performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

DCF is distributions received from investments less expenses. The total distributions received from investments include the amount received as cash distributions from investments, paid-in-kind distributions, and dividend and interest payments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on net investment income, in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

Distributions received from investments increased approximately 2.6% as compared to 1st quarter 2018 primarily due to the impact of trading activity within the fund’s portfolio. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 6.7% during the quarter due to lower asset-based fees. Overall leverage costs increased approximately 2.2% as compared to 1st quarter 2018 primarily due to increased leverage utilization during the quarter. As a result of the changes in income and expenses, DCF increased approximately 4.4% as compared to 1st quarter 2018. During the quarter, the fund issued 1,216,545 shares in a private placement transaction. This transaction had a one-time negative impact to distribution coverage of 2.3%. The fund paid a quarterly distribution of \$0.655 per share, which was equal to the distribution paid in the prior quarter and 2nd quarter 2017. The fund has paid cumulative distributions to stockholders of \$31.7725 per share since its inception in Feb. 2004.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles (“GAAP”), recognizes distribution income from MLPs and other investments on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts may not be included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. Net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during the fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses). Income for DCF purposes is reduced by amortizing the cost of certain investments that may not have a residual value after a known time period. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, realized and unrealized gains (losses) on interest rate swap settlements, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income.

“Net Investment Income (Loss), before Income Taxes” on the Statement of Operations is adjusted as follows to reconcile to DCF for YTD and 2nd quarter 2018 (in thousands):

	YTD 2018	2nd Qtr 2018
Net Investment Loss, before Income Taxes	\$(31,986)	\$(25,004)
Adjustments to reconcile to DCF:		
Distributions characterized as return of capital	96,139	58,132
Other	673	(24)
DCF	\$ 64,826	\$ 33,104

Leverage

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

The fund's leverage utilization increased \$19.5 million during 2nd quarter 2018 and represented 29.5% of total assets at May 31, 2018. The fund has maintained compliance with its applicable coverage ratios. At quarter-end, including the impact of interest rate swaps, approximately 78% of the leverage cost was fixed, the weighted-average maturity was 4.2 years and the weighted-average annual rate on leverage was 3.69%. These rates will vary in the future as a result of changing floating rates, utilization of the fund's credit facilities and as leverage and swaps mature or are redeemed. During the quarter, \$10 million Senior Notes with a fixed interest rate of 4.35% matured. The fund utilized its credit facilities to facilitate the maturity of the Senior Notes.

Income taxes

During 2nd quarter 2018, the fund's deferred tax liability increased by \$23.5 million to \$235.4 million, primarily as a result of the increase in value of its investment portfolio. The fund had net realized gains of \$25.2 million during the quarter. To the extent that the fund has taxable income, it will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets, or borrowings.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage, taxes and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions and results and recent tax reform, please visit www.tortoiseadvisors.com.

(unaudited)

Tortoise

5

TYG Key Financial Data (supplemental unaudited information)
(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding **Distributable Cash Flow and Selected Financial Information** is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The **Distributable Cash Flow Ratios** include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	2017			2018	
	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	Q1 ⁽¹⁾	Q2 ⁽¹⁾
Total Income from Investments					
Distributions and dividends from investments	\$ 44,556	\$ 45,456	\$ 44,323	\$ 43,107	\$ 44,556
Dividends paid in stock	—	—	—	910	—
Premiums on options written	478	415	27	11	—
Total from investments	45,034	45,871	44,350	44,028	44,556
Operating Expenses Before Leverage					
Costs and Current Taxes					
Advisory fees	6,533	5,950	5,533	5,487	6,533
Other operating expenses	443	441	443	430	443
	6,976	6,391	5,976	5,917	6,976
Distributable cash flow before leverage costs and current taxes	38,058	39,480	38,374	38,111	38,058
Leverage costs ⁽²⁾	6,319	6,362	6,365	6,389	6,319
Current income tax expense ⁽³⁾	—	—	—	—	—
Distributable Cash Flow⁽⁴⁾	\$31,739	\$33,118	\$32,009	\$31,722	\$33,118
As a percent of average total assets⁽⁵⁾					
Total from investments	6.49 %	7.13 %	7.53 %	7.78 %	6.49 %
Operating expenses before leverage costs and current taxes	1.01 %	0.99 %	1.01 %	1.04 %	1.01 %
Distributable cash flow before leverage costs and current taxes	5.48 %	6.14 %	6.52 %	6.74 %	5.48 %
As a percent of average net assets⁽⁵⁾					
Total from investments	11.88 %	13.48 %	14.12 %	12.90 %	11.88 %
Operating expenses before leverage costs and current taxes	1.84 %	1.88 %	1.90 %	1.73 %	1.84 %
Leverage costs and current taxes	1.67 %	1.87 %	2.03 %	1.87 %	1.67 %
Distributable cash flow	8.37 %	9.73 %	10.19 %	9.30 %	8.37 %
Selected Financial Information					
Distributions paid on common stock	\$ 32,115	\$ 32,253	\$ 32,299	\$ 33,604	\$ 32,115
Distributions paid on common stock per share	0.6550	0.6550	0.6550	0.6550	0.6550
Distribution coverage percentage for period ⁽⁶⁾	98.8 %	102.7 %	99.1 %	94.4 %	98.8 %
Net realized gain, net of income taxes, for the period	7,226	35,440	4,981	7,427	7,226
Total assets, end of period ⁽⁷⁾	2,596,302	2,467,104	2,235,315	2,212,708	2,596,302
Average total assets during period ⁽⁷⁾⁽⁸⁾	2,751,522	2,552,438	2,363,776	2,296,522	2,751,522
Leverage ⁽⁹⁾	700,700	700,000	690,200	667,300	700,700
Leverage as a percent of total assets	27.0 %	28.4 %	30.9 %	30.2 %	27.0 %
Net unrealized depreciation, end of period	(223,262)	(330,549)	(418,421)	(311,939)	(223,262)
Net assets, end of period	1,400,652	1,296,782	1,181,528	1,315,850	1,400,652
Average net assets during period ⁽¹⁰⁾	1,504,136	1,349,973	1,259,521	1,383,798	1,504,136
Net asset value per common share	28.53	26.30	23.93	25.59	28.53
Market value per share	31.76	28.47	25.86	27.70	31.76
Shares outstanding (000's)	49,093	49,311	49,379	51,416	49,093

(1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.

(2) Leverage costs include interest expense, distributions to preferred stockholders, interest rate swap expenses and other recurring leverage expenses.

(3) Includes taxes paid on net investment income and foreign taxes, if any. Taxes related to realized gains are excluded from the calculation of Distributable Cash Flow ("DCF").

(4) "Net investment income (loss), before income taxes" on the Statement of Operations is adjusted as follows to reconcile to DCF: increased by the return of capital on distributions, the dividends paid in stock and increased liquidation value, the premium on dividends paid in kind, the net premiums on options written and amortization of debt issuance costs; and decreased by realized and unrealized gains (losses) on interest rate swap settlements, and amortization on certain investments.

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

- (5) Annualized.
- (6) Distributable Cash Flow divided by distributions paid.
- (7) Includes deferred issuance and offering costs on senior notes and preferred stock.
- (8) Computed by averaging month-end values within each period.
- (9) Leverage consists of senior notes, preferred stock and outstanding borrowings under credit facilities.
- (10) Computed by averaging daily net assets within each period.

6

Tortoise

Tortoise MLP Fund, Inc. (NTG)

Fund description

NTG seeks to provide stockholders with a high level of total return with an emphasis on current distributions. NTG invests primarily in master limited partnerships (MLPs) and their affiliates that own and operate a network of pipeline and energy-related logistical infrastructure assets with an emphasis on those that transport, gather, process and store natural gas and natural gas liquids (NGLs). NTG targets midstream MLPs benefiting from U.S. natural gas production and consumption expansion with minimal direct commodity exposure.

Fund performance review

The midstream energy market stabilized in the second fiscal quarter following greater clarity on those companies most impacted by the FERC income tax allowance ruling in March. Many midstream companies have experienced improving distribution coverage and leverage ratios over the last several quarters. Average coverage ratios for the fund's portfolio companies has increased from 1.24x in 1Q 2016 to 1.30x in 1Q 2018 and the average leverage ratio has declined from 4.4x to 3.8x during the same period. We believe this improvement helps insulate the fund's distribution. The fund's market-based and NAV-based returns for the fiscal quarter ending May 31, 2018 were 7.4% and 5.7%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise MLP Index[®] returned 5.5% for the same period.

Second fiscal quarter highlights

Distributions paid per share	\$0.4225
Distribution rate (as of 5/31/2018)	9.2%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in July 2010	\$12.9250
Market-based total return	7.4%
NAV-based total return	5.7%
Premium (discount) to NAV (as of 5/31/2018)	8.7%

Key asset performance drivers

Enterprise Products Partners L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Delivered steady cash flow and healthy project backlog
Energy Transfer Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Strong volume growth across integrated pipeline network
EnLink Midstream Partners, LP	Midstream gathering and processing company	Midcontinent (STACK) volume growth expectations
Western Gas Partners, LP	Midstream gathering and processing MLP	Positive outlook from parent company's Permian basin footprint
Plains All American Pipeline, L.P.	Midstream crude oil pipeline MLP	Expected crude oil production growth from Permian basin
Dominion Energy Midstream Partners, LP	Midstream natural gas/natural gas liquids pipeline MLP	FERC income tax allowance ruling
Buckeye Partners, L.P.	Refined product pipeline MLP	Weaker than expected earnings tied to storage

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Enbridge Energy Partners, L.P.	Midstream crude oil pipeline MLP	market fundamentals Strategic review with lower distribution viewed unfavorably by market
Spectra Energy Partners, LP	Natural gas pipeline MLP	FERC income tax allowance ruling
EQT Midstream Partners, LP	Midstream natural gas/natural gas liquids pipeline MLP	Uncertainty around simplification transaction

Unlike the fund return, index return is pre-expenses and taxes.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

(unaudited)

Tortoise

7

Tortoise

MLP Fund, Inc. (NTG) (continued)

Fund structure and distribution policy

The fund is structured as a corporation and is subject to federal and state income tax on its taxable income. The fund has adopted a distribution policy in which the Board of Directors considers many factors in determining distributions to stockholders. Particular emphasis is given to Distributable cash flow ("DCF") and distribution coverage. Distribution coverage is DCF divided by distributions paid to stockholders. Over the long term, the fund expects to distribute substantially all of its DCF to holders of common stock. The fund's Board of Directors reviews the distribution rate quarterly, and may adjust the quarterly distribution throughout the year. Although the level of distributions is independent of the funds' performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

DCF is distributions received from investments less expenses. The total distributions received from investments include the amount received as cash distributions from MLPs, paid-in-kind distributions, and dividend and interest payments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on net investment income in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

Distributions received from investments decreased approximately 0.4% as compared to 1st quarter 2018 due primarily to the impact of trading activity within the fund's portfolio. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 6.5% during the quarter due to lower asset-based fees. Leverage costs increased approximately 1.7% as compared to 1st quarter 2018 due to increased leverage utilization as well as higher interest rates during the quarter. As a result of the changes in income and expenses, DCF increased approximately 0.2% as compared to 1st quarter 2018. The fund paid a quarterly distribution of \$0.4225 per share, which was equal to the distribution paid in the prior quarter and 2nd quarter 2017. The fund has paid cumulative distributions to stockholders of \$12.925 per share since its inception in July 2010.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles ("GAAP"), recognizes distribution income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts may not be included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. Net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during the fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses). The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income.

"Net Investment Income (Loss), before Income Taxes" on the Statement of Operations is adjusted as follows to reconcile to DCF for YTD and 2nd quarter 2018 (in thousands):

	YTD 2018	2nd Qtr 2018
Net Investment Loss, before Income Taxes	\$(16,828)	\$ (11,305)
Adjustments to reconcile to DCF:		
Distributions characterized as return of capital	54,566	30,412
Other	785	178
DCF	\$ 35,523	\$ 19,285

Leverage

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

The fund's leverage utilization increased by \$2.7 million during 2nd quarter 2018 and represented 33.1% of total assets at May 31, 2018. The fund has maintained compliance with its applicable coverage ratios. At quarter-end, approximately 72% of the leverage cost was fixed, the weighted-average maturity was 3.9 years and the weighted-average annual rate on leverage was 3.76%. These rates will vary in the future as a result of changing floating rates, utilization of the fund's credit facility and as leverage matures or is redeemed. During the quarter, \$20 million Senior Notes with a weighted-average fixed interest rate of 3.56% matured. The fund utilized its credit facility to facilitate the maturity of the Senior Notes.

Income taxes

During 2nd quarter 2018, the fund's deferred tax liability increased by \$13.3 million to \$88.2 million, primarily as a result of the increase in value of its investment portfolio. The fund had net realized gains of \$10.0 million during the quarter. As of May 31, 2018, the fund had net operating losses of \$55 million for federal income tax purposes. To the extent that the fund has taxable income in the future that is not offset by net operating losses, it will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets, or borrowings.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage, taxes and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions and results and recent tax reform, please visit www.tortoiseadvisors.com.

(unaudited)

8

Tortoise

2018 2nd Quarter Report | May 31, 2018

NTG Key Financial Data (supplemental unaudited information)

(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	2017			2018	
	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	Q1 ⁽¹⁾	Q2 ⁽¹⁾
Total Income from Investments					
Distributions and dividends from investments	\$ 26,705	\$ 27,094	\$ 26,506	\$ 26,429	\$ 26,857
Dividends paid in stock	—	—	—	546	—
Premiums on options written	297	242	32	—	—
Total from investments	27,002	27,336	26,538	26,975	26,857
Operating Expenses Before Leverage					
Costs and Current Taxes					
Advisory fees, net of fees waived	3,828	3,490	3,279	3,294	3,054
Other operating expenses	332	324	312	316	321
	4,160	3,814	3,591	3,610	3,375
Distributable cash flow before leverage costs and current taxes	22,842	23,522	22,947	23,365	23,482
Leverage costs ⁽²⁾	4,124	4,146	4,147	4,127	4,197
Current income tax expense ⁽³⁾	—	—	—	—	—
Distributable Cash Flow⁽⁴⁾	\$ 18,718	\$ 19,376	\$ 18,800	\$ 19,238	\$ 19,285
As a percent of average total assets⁽⁵⁾					
Total from investments	6.69%	7.30%	7.69%	8.01%	8.29%
Operating expenses before leverage costs and current taxes	1.03%	1.02%	1.04%	1.07%	1.04%
Distributable cash flow before leverage costs and current taxes	5.66%	6.28%	6.65%	6.94%	7.25%
As a percent of average net assets⁽⁵⁾					
Total from investments	11.27%	12.67%	13.27%	12.85%	13.99%
Operating expenses before leverage costs and current taxes	1.74%	1.77%	1.80%	1.72%	1.76%
Leverage costs and current taxes	1.72%	1.92%	2.07%	1.97%	2.19%
Distributable cash flow	7.81%	8.98%	9.40%	9.16%	10.04%
Selected Financial Information					
Distributions paid on common stock	\$ 19,891	\$ 19,925	\$ 19,962	\$ 19,962	\$ 19,997
Distributions paid on common stock per share	0.4225	0.4225	0.4225	0.4225	0.4225
Distribution coverage percentage for period ⁽⁶⁾	94.1%	97.2%	94.2%	96.4%	96.4%
Net realized gain (loss), net of income taxes, for the period	2,126	13,289	(1,122)	(575)	9,963
Total assets, end of period ⁽⁷⁾	1,509,815	1,437,520	1,327,977	1,298,112	1,338,664
Average total assets during period ⁽⁷⁾⁽⁸⁾	1,601,462	1,486,578	1,384,718	1,365,793	1,284,852
Leverage ⁽⁹⁾	442,700	439,300	443,800	440,400	443,100
Leverage as a percent of total assets	29.3%	30.6%	33.4%	33.9%	33.1%
Net unrealized appreciation, end of period	123,020	69,547	24,370	70,322	114,138
Net assets, end of period	886,964	823,888	754,085	776,371	802,440
Average net assets during period ⁽¹⁰⁾	950,384	855,842	802,165	851,387	761,577
Net asset value per common share	18.81	17.44	15.96	16.40	16.93
Market value per common share	18.99	17.70	15.90	17.54	18.40
Shares outstanding (000's)	47,161	47,247	47,247	47,330	47,406

Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is

(1) the period from September through November.

(2) Leverage costs include interest expense, distributions to preferred stockholders and other recurring leverage expenses.

Includes taxes paid on net investment income and foreign taxes, if any. Taxes related to realized gains are excluded from the calculation of

(3) Distributable Cash Flow ("DCF").

"Net investment income (loss), before income taxes" on the Statement of Operations is adjusted as follows to reconcile to DCF: increased by the return of capital on distributions, the dividends paid in stock and increased liquidation value, the premium on dividends paid in kind and

(4) amortization of debt issuance costs.

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

- (5) Annualized.
- (6) Distributable Cash Flow divided by distributions paid.
- (7) Includes deferred issuance and offering costs on senior notes and preferred stock.
- (8) Computed by averaging month-end values within each period.
- (9) Leverage consists of senior notes, preferred stock and outstanding borrowings under the credit facility.
- (10) Computed by averaging daily net assets within each period.

Tortoise

9

Tortoise Pipeline & Energy Fund, Inc. (TTP)

Fund description

TTP seeks a high level of total return with an emphasis on current distributions paid to stockholders. TTP invests primarily in equity securities of North American pipeline companies that transport natural gas, natural gas liquids (NGLs), crude oil and refined products and, to a lesser extent, in other energy infrastructure companies.

Fund performance review

The midstream energy market stabilized in the second fiscal quarter following greater clarity on those companies most impacted by the FERC income tax allowance ruling in March. The fund's market-based and NAV-based returns for the fiscal quarter ending May 31, 2018 were 5.0% and 10.4%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise North American Pipeline IndexSM returned 8.6% for the same period.

Second fiscal quarter highlights

Distributions paid per share	\$0.4075
Distribution rate (as of 5/31/2018)	9.4%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in October 2011	\$10.9125
Market-based total return	5.0%
NAV-based total return	10.4%
Premium (discount) to NAV (as of 5/31/2018)	(7.2)%

Please refer to the inside front cover of the report for important information about the fund's distribution policy.

The fund's covered call strategy, which focuses on independent energy companies that are key pipeline transporters, enabled the fund to generate current income. The notional amount of the fund's covered calls averaged approximately 8.9% of total assets, and their out-of-the-money percentage at the time written averaged approximately 6.2% during the fiscal quarter.

Key asset performance drivers

ONEOK, Inc.	Midstream natural gas/natural gas liquids pipeline company	NGL volume growth benefitting integrated pipeline network
Plains GP Holdings, L.P. EnLink Midstream, LLC	Midstream crude oil pipeline company Midstream gathering and processing company	Expected crude oil production growth from Permian basin Midcontinent (STACK) volume growth expectations
SemGroup Corporation	Midstream crude oil pipeline company	Alleviated equity concerns with preferred offering and higher expected demand for Cushing storage
Targa Resources Corp.	Midstream gathering and processing company	Permian basin wet gas volume growth
Enbridge Energy Management, L.L.C. Buckeye Partners, L.P.	Midstream crude oil pipeline company Refined product pipeline MLP	Regulation uncertainty on pipeline replacement project Weaker than expected earnings tied to storage

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

TransCanada Corporation	Midstream natural gas/natural gas liquids pipeline company	market fundamentals Higher leverage causing need for asset divestitures to fund capital projects
Concho Resources Inc.	Upstream oil and gas producer	Widening Permian basin oil price differentials
The Williams Companies, Inc.	Midstream natural gas/gathering and processing company	Simplification uncertainty

Unlike the fund return, index return is pre-expenses.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

(unaudited)

10

Tortoise

Fund structure and distribution policy

The fund is structured to qualify as a Regulated Investment Company (“RIC”) allowing the fund to pass-through to shareholders the income and capital gains earned by the fund, thus avoiding double-taxation. To qualify as a RIC, the fund must meet specific income, diversification and distribution requirements. Regarding income, at least 90 percent of the fund’s gross income must be from dividends, interest and capital gains. The fund must meet quarterly diversification requirements including the requirement that at least 50 percent of the assets be in cash, cash equivalents or other securities with each single issuer of other securities not greater than 5 percent of total assets. No more than 25 percent of total assets can be invested in any one issuer other than government securities or other RIC’s. The fund must also distribute at least 90 percent of its investment company income. RIC’s are also subject to excise tax rules which require RIC’s to distribute approximately 98 percent of net income and net capital gains to avoid a 4 percent excise tax.

The fund has adopted a distribution policy which is included on the inside front cover of this report. To summarize, the fund intends to distribute an amount closely approximating the total taxable income for the year and, if so determined by the Board, distribute all or a portion of the return of capital paid by portfolio companies during the year. The fund may designate a portion of its distributions as capital gains and may also distribute additional capital gains in the last calendar quarter of the year to meet annual excise distribution requirements. The fund distributes a fixed amount per common share, currently \$0.4075, each quarter to its common shareholders. This amount is subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of the funds’ performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

Distributable cash flow (“DCF”) is income from investments less expenses. Income from investments includes the amount received as cash or paid-in-kind distributions from common stock, master limited partnerships (“MLPs”), affiliates of MLPs, and pipeline and other energy companies in which the fund invests, and dividend payments on short-term investments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses and leverage costs.

Distributions received from investments increased approximately 12.5% as compared to 1st quarter 2018, primarily due to non-recurring items including the timing of distributions from investments as well as higher income on premiums from sales of covered call options. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 5.4% during the quarter primarily due to lower asset based fees and other operating expenses. Leverage costs increased 2.6% as compared to 1st quarter 2018 primarily as a result of increased interest rates during the quarter. As a result of the changes in income and expenses, DCF increased approximately 18.8% as compared to 1st quarter 2018. In addition, the fund had net realized losses on investments of \$1.1 million during 2nd quarter 2018. The fund paid a quarterly distribution of \$0.4075 per share, which was unchanged over the prior quarter and 2nd quarter 2017. The fund has paid cumulative distributions to stockholders of \$10.9125 per share since its inception in October 2011.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) the Statement of Operations, in conformity with U.S. generally accepted accounting principles (“GAAP”), recognizes distributions and dividend income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distributions and dividend income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts may not be included as income for GAAP purposes; and (4) net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during the fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses).

“Net Investment Income (Loss)” on the Statement of Operations is adjusted as follows to reconcile to DCF for YTD and 2nd quarter 2018 (in thousands):

	YTD 2018	2nd Qtr 2018
Net Investment Loss	\$ (792)	\$ (670)
Adjustments to reconcile to DCF:		
Net premiums on options written	2,419	1,294

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Distributions characterized as return of capital	5,250	3,145		
Dividends paid in stock	743	346		
Other	79	65		
DCF	\$ 7,699	\$ 4,180		

Leverage

The fund's leverage utilization increased by \$0.3 million during 2nd quarter 2018 and represented 27.1% of total assets at May 31, 2018. The fund has maintained compliance with its applicable coverage ratios. At quarter-end, approximately 63% of the leverage cost was fixed, the weighted-average maturity was 1.9 years and the weighted-average annual rate on leverage was 3.66%. These rates will vary in the future as a result of changing floating rates, utilization of the fund's credit facility and as leverage matures or is redeemed.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions, please visit www.tortoiseadvisors.com.

(unaudited)

Tortoise

11

TTP Key Financial Data (supplemental unaudited information)

(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	2017			2018		
	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	Q1 ⁽¹⁾	Q2 ⁽¹⁾	
Total Income from Investments						
Dividends and distributions from investments, net of foreign taxes withheld	\$3,778	\$3,780	\$3,559	\$3,498	\$4,009	
Dividends paid in stock	238	242	329	397	346	
Net premiums on options written	1,135	1,126	967	1,125	1,294	
Total from investments	5,151	5,148	4,855	5,020	5,649	
Operating Expenses Before Leverage Costs						
Advisory fees, net of fees waived	822	756	729	732	683	
Other operating expenses	145	146	132	149	150	
	967	902	861	881	833	
Distributable cash flow before leverage costs	4,184	4,246	3,994	4,139	4,816	
Leverage costs ⁽²⁾	563	578	579	620	636	
Distributable Cash Flow⁽³⁾	\$3,621	\$3,668	\$3,415	\$3,519	\$4,180	
Net realized gain (loss) on investments and foreign currency translation, for the period	(\$357)	\$292	\$354	\$532	\$(1,118)	
As a percent of average total assets⁽⁴⁾						
Total from investments	6.89 %	7.35 %	7.28 %	7.70 %	9.03 %	
Operating expenses before leverage costs	1.29 %	1.29 %	1.29 %	1.35 %	1.33 %	
Distributable cash flow before leverage costs	5.60 %	6.06 %	5.99 %	6.35 %	7.70 %	
As a percent of average net assets⁽⁴⁾						
Total from investments	8.88 %	9.93 %	9.79 %	10.24 %	12.65 %	
Operating expenses before leverage costs	1.67 %	1.74 %	1.74 %	1.80 %	1.87 %	
Leverage costs	0.97 %	1.11 %	1.17 %	1.26 %	1.42 %	
Distributable cash flow	6.24 %	7.08 %	6.88 %	7.18 %	9.36 %	
Selected Financial Information						
Distributions paid on common stock	\$4,081	\$4,082	\$4,082	\$4,082	\$4,081	
Distributions paid on common stock per share	0.4075	0.4075	0.4075	0.4075	0.4075	
Total assets, end of period ⁽⁵⁾	278,733	274,878	259,175	245,155	258,764	
Average total assets during period ⁽⁵⁾⁽⁶⁾	296,418	278,007	267,349	264,274	248,147	
Leverage ⁽⁷⁾	67,400	68,000	69,300	69,800	70,100	
Leverage as a percent of total assets	24.2 %	24.7 %	26.7 %	28.5 %	27.1 %	
Net unrealized depreciation, end of period	(13,246)	(21,276)	(27,789)	(38,233)	(17,798)	
Net assets, end of period	210,076	199,503	188,517	173,723	187,444	
Average net assets during period ⁽⁸⁾	230,203	205,675	198,953	198,872	177,138	
Net asset value per common share	20.97	19.92	18.82	17.34	18.71	
Market value per common share	19.97	18.43	17.01	16.93	17.36	
Shares outstanding (000's)	10,016	10,016	10,016	10,016	10,016	

Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is

(1) the period from September through November.

(2) Leverage costs include interest expense, distributions to preferred stockholders and other recurring leverage expenses.

"Net investment income (loss)" on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow ("DCF"): increased by net premiums on options written, the return of capital on distributions, the dividends paid in stock and increased liquidation value, the premium

(3) on dividends paid in kind and amortization of debt issuance costs.

(4) Annualized.

(5) Includes deferred issuance and offering costs on senior notes and preferred stock.

(6) Computed by averaging month-end values within each period.

(7) Leverage consists of senior notes, preferred stock and outstanding borrowings under the revolving credit facility.

(8) Computed by averaging daily net assets within each period.

2018 2nd Quarter Report | May 31, 2018

Tortoise Energy Independence Fund, Inc. (NDP)

Fund description

NDP seeks a high level of total return with an emphasis on current distributions paid to stockholders. NDP invests primarily in equity securities of upstream North American energy companies that engage in the exploration and production of crude oil, condensate, natural gas and natural gas liquids that generally have a significant presence in North American oil and gas fields, including shale reservoirs.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal quarter ending May 31, 2018 were 9.5% and 10.9%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise North American Oil and Gas Producers IndexSM returned 19.2% for the same period. Liquids producers, particularly those in the Eagle Ford contributed the most to performance during the period.

Second fiscal quarter highlights

Distributions paid per share	\$0.4375
Distribution rate (as of 5/31/2018)	14.0%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in July 2012	\$10.0625
Market-based total return	9.5%
NAV-based total return	10.9%
Premium (discount) to NAV (as of 5/31/2018)	2.4%

The fund utilizes a covered call strategy, which seeks to generate income while reducing overall volatility. The premium income generated from this strategy helped to lower NAV volatility during the quarter. The notional amount of the fund's covered calls averaged approximately 72.4% of total assets and their out-of-the-money percentage at the time written averaged approximately 8.6% during the fiscal quarter.

Unlike the fund return, index return is pre-expenses.

Performance data quoted represent past performance: past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

Top five contributors

Company type	
Continental Resources, Inc.	Upstream oil and gas producer
Devon Energy Corporation	Upstream oil and gas producer
EOG Resources, Inc.	Upstream oil and gas producer
Anadarko Petroleum Corporation	Upstream oil and gas producer
Carrizo Oil & Gas, Inc.	Upstream oil and gas producer

Bottom five contributors

Company type	
Concho Resources Inc.	Upstream oil and gas producer Midstream crude oil pipeline company

Performance driver

Higher oil prices and widening Permian basis differential propelled non-Permian oil producers
Higher oil prices and widening Permian basis differential propelled non-Permian oil producers
Higher oil prices and widening Permian basis differential propelled non-Permian oil producers
Higher oil prices and widening Permian basis differential propelled non-Permian oil producers
Higher oil prices and widening Permian basis differential propelled non-Permian oil producers

Performance driver

Widening Permian basis differential resulting in lower oil prices for Permian producers
Higher leverage causing need for asset divestitures to fund capital projects

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Enbridge Energy
Management, L.L.C.
Cabot Oil & Gas
Corporation

Upstream liquids producer
Midstream refined product/crude oil
pipeline company

Potential to slow production growth due to delays in the completion of a new pipeline in the Northeast

Buckeye Partners, L.P.
Diamondback
Energy, Inc.

Upstream oil and gas producer

Weaker than expected earnings tied to storage market fundamentals
Widening Permian basis differential resulting in lower oil prices for Permian producers

(unaudited)

Tortoise

13

Tortoise

Energy Independence Fund, Inc. (NDP) (continued)

Fund structure and distribution policy

The fund is structured to qualify as a Regulated Investment Company (“RIC”) allowing the fund to pass-through to shareholders the income and capital gains earned by the fund, thus avoiding double-taxation. To qualify as a RIC, the fund must meet specific income, diversification and distribution requirements. Regarding income, at least 90 percent of the fund’s gross income must be from dividends, interest and capital gains. The fund must meet quarterly diversification requirements including the requirement that at least 50 percent of the assets be in cash, cash equivalents or other securities with each single issuer of other securities not greater than 5 percent of total assets. No more than 25 percent of total assets can be invested in any one issuer other than government securities or other RIC’s. The fund must also distribute at least 90 percent of its investment company income. RIC’s are also subject to excise tax rules which require RIC’s to distribute approximately 98 percent of net income and net capital gains to avoid a 4 percent excise tax.

The fund has adopted a distribution policy which intends to distribute an amount closely approximating the total taxable income for the year and, if so determined by the Board, distribute all or a portion of the return of capital paid by portfolio companies during the year. The fund may designate a portion of its distributions as capital gains and may also distribute additional capital gains in the last calendar quarter of the year to meet annual excise distribution requirements. Distribution amounts are subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of the funds’ performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

Distributable cash flow (“DCF”) is income from investments less expenses. Income from investments includes the amount received as cash or paid-in-kind distributions from investments and dividend payments on short-term investments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses and leverage costs.

Distributions received from investments increased approximately 3.2% as compared to 1st quarter 2018, primarily due to higher income on premiums from sales of covered call options. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 3.4% during the quarter due to lower asset-based fees and other operating expenses. Total leverage costs increased approximately 15.7% as compared to 1st quarter 2018, primarily due to an increase in interest rates during the quarter. As a result of the changes in income and expenses, DCF increased by approximately 3.3% as compared to 1st quarter 2018. In addition, the fund had net realized losses on investments of \$17.0 million during 2nd quarter 2018.

The fund maintained its quarterly distribution of \$0.4375 per share during 2nd quarter 2018, which was equal to the distribution paid in the prior quarter and 2nd quarter 2017. The fund has paid cumulative distributions to stockholders of \$10.0625 per share since its inception in July 2012.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) the Statement of Operations, in conformity with U.S. generally accepted accounting principles (“GAAP”), recognizes distributions and dividend income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distributions and dividend income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts may not be included as income for GAAP purposes; and (4) net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses).

“Net Investment Income (Loss)” on the Statement of Operations is adjusted as follows to reconcile to DCF for YTD and 2nd quarter 2018 (in thousands):

	YTD 2018	2nd Qtr 2018
Net Investment Loss	\$ (2,296)	\$ (1,453)
Adjustments to reconcile to DCF:		
Net premiums on options written	11,550	5,923
	2,730	1,644

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Distributions characterized
as return of capital
Other
DCF

	346	152
	\$ 12,330	\$ 6,266

Leverage

The fund's leverage utilization decreased \$2.2 million as compared to 1st quarter 2018. The fund utilizes all floating rate leverage that had an interest rate of 2.80% and represented 26.8% of total assets at quarter-end. The fund has maintained compliance with its applicable coverage ratios. The interest rate on the fund's leverage will vary in the future along with changing floating rates.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions, please visit www.tortoiseadvisors.com.

(unaudited)

14

Tortoise

2018 2nd Quarter Report | May 31, 2018

NDP Key Financial Data (supplemental unaudited information)

(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	2017 Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	2018 Q1 ⁽¹⁾	Q2 ⁽¹⁾
Total Income from Investments					
Distributions and dividends from investments, net of foreign taxes withheld	\$ 1,516	\$ 1,526	\$ 1,441	\$ 1,453	\$ 1,442
Dividends paid in stock	129	132	135	194	142
Net premiums on options written	5,425	5,754	5,720	5,627	5,923
Total from investments	7,070	7,412	7,296	7,274	7,507
Operating Expenses Before Leverage Costs					
Advisory fees, net of fees waived	791	686	681	693	662
Other operating expenses	140	135	125	141	144
	931	821	806	834	806
Distributable cash flow before leverage costs	6,139	6,591	6,490	6,440	6,701
Leverage costs ⁽²⁾	285	322	325	376	435
Distributable Cash Flow⁽³⁾	\$ 5,854	\$ 6,269	\$ 6,165	\$ 6,064	\$ 6,266
Net realized gain (loss) on investments and foreign currency translation, for the period	\$(6,084)	\$(2,332)	\$(18,793)	\$ 5,881	\$(16,976)
As a percent of average total assets⁽⁴⁾					
Total from investments	9.70 %	11.55 %	11.60 %	11.56 %	12.33 %
Operating expenses before leverage costs	1.28 %	1.28 %	1.28 %	1.32 %	1.32 %
Distributable cash flow before leverage costs	8.42 %	10.27 %	10.32 %	10.24 %	11.01 %
As a percent of average net assets⁽⁴⁾					
Total from investments	12.60 %	15.93 %	15.77 %	15.42 %	17.01 %
Operating expenses before leverage costs	1.66 %	1.76 %	1.74 %	1.77 %	1.83 %
Leverage costs	0.51 %	0.69 %	0.70 %	0.80 %	0.99 %
Distributable cash flow	10.43 %	13.48 %	13.33 %	12.85 %	14.19 %
Selected Financial Information					
Distributions paid on common stock	\$ 6,360	\$ 6,369	\$ 6,380	\$ 6,380	\$ 6,391
Distributions paid on common stock per share	0.4375	0.4375	0.4375	0.4375	0.4375
Total assets, end of period	264,083	238,932	255,302	236,174	245,593
Average total assets during period ⁽⁵⁾	289,030	254,645	252,191	255,282	241,582
Leverage ⁽⁶⁾	64,600	64,700	64,500	68,000	65,800
Leverage as a percent of total assets	24.5 %	27.1 %	25.3 %	28.8 %	26.8 %
Net unrealized depreciation, end of period	(40,654)	(63,116)	(19,852)	(41,518)	(4,811)
Net assets, end of period	198,379	171,942	187,889	166,253	176,262
Average net assets during period ⁽⁷⁾	222,615	184,587	185,583	191,359	175,128
Net asset value per common share	13.63	11.79	12.88	11.38	12.18
Market value per common share	14.43	12.61	12.39	11.80	12.47
Shares outstanding (000's)	14,559	14,584	14,584	14,607	14,633

(1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.

(2) Leverage costs include interest expense and other recurring leverage expenses.

(3) "Net investment income (loss)" on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow ("DCF"): increased by net premiums on options written, the return of capital on distributions the distributions paid in stock and the premium on dividends paid in kind.

(4) Annualized.

(5) Computed by averaging month-end values within each period.

(6) Leverage consists of outstanding borrowings under the revolving credit facility.

(7) Computed by averaging daily net assets within each period.

Tortoise

Power and Energy Infrastructure Fund, Inc. (TPZ)

Fund description

TPZ seeks to provide a high level of current income to stockholders, with a secondary objective of capital appreciation. TPZ seeks to invest primarily in fixed income and dividend-paying equity securities of power and energy infrastructure companies that provide stable and defensive characteristics throughout economic cycles.

Fund performance review

The midstream energy market stabilized in the second fiscal quarter following greater clarity on those companies most impacted by the FERC income tax allowance ruling in March. The fund's market-based and NAV-based returns for the fiscal quarter ending May 31, 2018 were 2.1% and 4.1%, respectively (including the reinvestment of distributions). Comparatively, the TPZ Benchmark Composite* returned 1.7% for the same period. The fund's fixed income holdings restrained performance as midstream energy equity had solid performance during the period.

Second fiscal quarter highlights

Monthly distributions paid per share	\$0.1250
Distribution rate (as of 5/31/2018)	7.9%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distribution to stockholders since inception in July 2009	\$14.5250
Market-based total return	2.1%
NAV-based total return	4.1%
Premium (discount) to NAV (as of 5/31/2018)	(9.8)%

The TPZ Benchmark Composite includes the BofA Merrill Lynch U.S. Energy Index (CIEN), the BofA Merrill Lynch U.S. Electricity Index (CUEL) and the Tortoise MLP Index® (TMLP). It is comprised of a blend of 70% fixed income and 30% equity securities issued by companies in the power and energy infrastructure sectors.

Please refer to the inside front cover of the report for important information about the fund's distribution policy.

Key asset performance drivers

ONEOK, Inc. Plains GP	Midstream natural gas/natural gas liquids pipeline company	NGL volume growth benefitting integrated pipeline network
Holdings, L.P. Energy Transfer Partners, L.P.	Midstream crude oil pipeline company Midstream natural gas/natural gas liquids pipeline MLP	Expected crude oil production growth from Permian basin Strong volume growth across integrated pipeline network
Tallgrass Energy GP, LP Targa Resources Corp.	Midstream natural gas/natural gas liquids pipeline company Midstream gathering and processing company	Announcement of simplification transaction Permian basin wet gas volume growth
Enbridge Energy Management, L.L.C. TransCanada Corporation Buckeye Partners, L.P.	Midstream crude oil pipeline company Midstream natural gas/natural gas liquids pipeline company Refined product pipeline MLP	Higher leverage causing need for asset divestitures to fund capital projects Higher leverage causing need for asset divestitures to fund capital projects Weaker than expected earnings tied to storage market fundamentals High leverage leading to need for divestitures and regulation uncertainty on pipeline project
Enbridge Inc. SemGroup Corp (fixed income)	Midstream crude oil pipeline company Midstream crude oil pipeline company	High leverage requirement to fund projects

Unlike the fund return, index return is pre-expenses.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

(unaudited)

16

Tortoise

2018 2nd Quarter Report | May 31, 2018

Fund structure and distribution policy

The fund is structured to qualify as a Regulated Investment Company (“RIC”) allowing the fund to pass-through to shareholders the income and capital gains earned by the fund, thus avoiding double-taxation. To qualify as a RIC, the fund must meet specific income, diversification and distribution requirements. Regarding income, at least 90 percent of the fund gross income must be from dividends, interest and capital gains. The fund must meet quarterly diversification requirements including the requirement that at least 50 percent of the assets be in cash, cash equivalents or other securities with each single issuer of other securities not greater than 5 percent of total assets. No more than 25 percent of total assets can be invested in any one issuer other than government securities or other RIC’s. The fund must also distribute at least 90 percent of its investment company income. RIC’s are also subject to excise tax rules which require RIC’s to distribute approximately 98 percent of net income and net capital gains to avoid a 4 percent excise tax.

The fund has adopted a distribution policy which is included on the inside front cover of this report. To summarize, the fund intends to distribute an amount closely approximating the total taxable income for the year and, if so determined by the Board, distribute all or a portion of the return of capital paid by portfolio companies during the year. The fund may designate a portion of its distributions as capital gains and may also distribute additional capital gains in the last calendar quarter of the year to meet annual excise distribution requirements. The fund distributes a fixed amount per common share, currently \$0.125, each month to its common shareholders. This amount is subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of the funds’ performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

Distributable cash flow (“DCF”) is income from investments less expenses. Income from investments includes the accrued interest from corporate bonds, cash distributions and paid-in-kind distributions from master limited partnerships (“MLPs”) and other equity investments and dividends earned from short-term investments. The total expenses include current or anticipated operating expenses and leverage costs.

Distributions received from investments increased approximately 3.0% as compared to 1st quarter 2018 due primarily to the impact of trading activity within the fund’s portfolio. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 1.8% during the quarter due to lower asset-based fees and other operating expenses. Total leverage costs increased approximately 7.2% as compared to 1st quarter 2018, primarily due to an increase in interest rates during the quarter. As a result of the changes in income and expenses, DCF increased approximately 3.7% as compared to 1st quarter 2018. In addition, the fund had net realized gains on investments of \$2.2 million during 2nd quarter 2018.

The fund paid monthly distributions of \$0.125 per share during 2nd quarter 2018, which was unchanged over the prior quarter and 2nd quarter 2017. The fund’s Board of Directors has declared monthly distributions of \$0.125 per share to be paid during 3rd quarter 2018. The fund has paid cumulative distributions to stockholders of \$14.525 per share since its inception in July 2009.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) U.S. generally accepted accounting principles (“GAAP”), recognizes distribution income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts may not be included as income for GAAP purposes; and (4) amortization of premium or discount for all securities is calculated using the yield to worst methodology for GAAP purposes while yield to call is used in calculating amortization for long-dated hybrid securities in the DCF calculation. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense and realized and unrealized gains (losses) on interest rate swap settlements as leverage costs.

“Net Investment Income (Loss)” on the Statement of Operations is adjusted as follows to reconcile to DCF for YTD and 2nd quarter 2018 (in thousands):

	YTD 2018	2nd Qtr 2018
Net Investment Income (loss)	\$ 643	\$ (261)
Adjustments to reconcile to DCF:		
Dividends paid in stock	498	230

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Distributions characterized as return of capital	3,660	2,448
Other	35	45
DCF	\$ 4,836	\$ 2,462

Leverage

The fund's leverage utilization increased \$2.0 million as compared to 1st quarter 2018 and represented 25.8% of total assets at May 31, 2018. The fund has maintained compliance with its applicable coverage ratios. At quarter-end, including the impact of interest rate swaps, approximately 29% of the leverage cost was fixed, the weighted-average maturity was 0.7 years and the weighted-average annual rate on leverage was 2.63%. These rates will vary in the future as a result of changing floating rates and as swaps mature or are redeemed.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions, please visit www.tortoiseadvisors.com.

(unaudited)

Tortoise

17

2018 2nd Quarter Report | May 31, 2018

TPZ Key Financial Data (supplemental unaudited information)

(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with the full financial statements.

	2017			2018		
	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾	Q1 ⁽¹⁾	Q2 ⁽¹⁾	
Total Income from Investments						
Interest earned on corporate bonds	\$ 1,508	\$ 1,480	\$ 1,424	\$ 1,340	\$ 1,345	
Distributions and dividends from investments, net of foreign taxes withheld	1,657	1,715	1,650	1,697	1,830	
Dividends paid in stock	162	166	218	268	230	
Total from investments	3,327	3,361	3,292	3,305	3,405	
Operating Expenses Before Leverage Costs						
Advisory fees	525	501	487	481	463	
Other operating expenses	130	130	115	130	137	
	655	631	602	611	600	
Distributable cash flow before leverage costs	2,672	2,730	2,690	2,694	2,805	
Leverage costs ⁽²⁾	269	292	287	320	343	
Distributable Cash Flow⁽³⁾	\$ 2,403	\$ 2,438	\$ 2,403	\$ 2,374	\$ 2,462	
Net realized gain (loss) on investments and foreign currency						
translation, for the period	\$ 5,008	\$ 815	\$(4,503)	\$ 1,733	\$ 2,220	
As a percent of average total assets⁽⁴⁾						
Total from investments	5.99 %	6.31 %	6.42 %	6.62 %	6.95 %	
Operating expenses before leverage costs	1.18 %	1.18 %	1.17 %	1.22 %	1.23 %	
Distributable cash flow before leverage costs	4.81 %	5.13 %	5.25 %	5.40 %	5.72 %	
As a percent of average net assets⁽⁴⁾						
Total from investments	7.84 %	8.45 %	8.60 %	8.78 %	9.51 %	
Operating expenses before leverage costs	1.54 %	1.59 %	1.57 %	1.62 %	1.68 %	
Leverage costs	0.63 %	0.73 %	0.75 %	0.85 %	0.96 %	
Distributable cash flow	5.67 %	6.13 %	6.28 %	6.31 %	6.87 %	
Selected Financial Information						
Distributions paid on common stock	\$ 2,607	\$ 2,606	\$ 2,607	\$ 2,607	\$ 2,607	
Distributions paid on common stock per share	0.3750	0.3750	0.3750	0.3750	0.3750	
Total assets, end of period	213,441	213,992	202,291	196,676	198,541	
Average total assets during period ⁽⁵⁾	220,356	211,408	205,567	202,425	194,244	
Leverage ⁽⁶⁾	51,300	51,400	53,400	49,200	51,200	
Leverage as a percent of total assets	24.0 %	24.0 %	26.4 %	25.0 %	25.8 %	
Net unrealized appreciation, end of period	21,461	17,555	15,138	10,686	14,171	
Net assets, end of period	161,413	155,739	148,243	143,808	146,649	
Average net assets during period ⁽⁷⁾	168,319	157,849	153,560	152,650	142,041	
Net asset value per common share	23.22	22.40	21.33	20.69	21.10	
Market value per common share	21.84	20.33	19.94	19.02	19.04	
Shares outstanding (000's)	6,951	6,951	6,951	6,951	6,951	

Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is

(1) the period from September through November.

(2) Leverage costs include interest expense, interest rate swap expenses and other recurring leverage expenses.

"Net investment income (loss)" on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow ("DCF"): increased by the return of capital on distributions, the dividends paid in stock and increased liquidation value and the premium on dividends paid in kind; and

(3) decreased by realized and unrealized gains (losses) on interest rate swap settlements.

(4) Annualized.

(5) Computed by averaging month-end values within each period.

(6) Leverage consists of outstanding borrowings under the revolving credit facility.

(7) Computed by averaging daily net assets within each period.

2018 2nd Quarter Report | May 31, 2018

TYG Schedule of Investments (unaudited)
May 31, 2018

	Shares	Fair Value
Master Limited Partnerships — 157.7%		
Crude Oil Pipelines — 27.0%		
United States — 27.0%		
Andeavor Logistics LP	3,435,751	\$ 147,393,718
BP Midstream Partners LP	1,150,764	24,591,827
Enbridge Energy Partners, L.P.	6,279,732	61,855,360
Plains All American Pipeline, L.P.	5,058,264	118,869,204
Shell Midstream Partners, L.P.	1,071,403	23,988,713
		376,698,822
Natural Gas/Natural Gas Liquids Pipelines — 45.9%		
United States — 45.9%		
Dominion Energy Midstream Partners, LP	914,075	11,700,160
Energy Transfer Partners, L.P.	11,642,117	221,083,802
Enterprise Products Partners L.P.	5,881,128	169,964,599
EQT Midstream Partners, LP	1,721,718	96,123,516
Spectra Energy Partners, LP	1,362,652	41,070,331
Tallgrass Energy Partners, LP	2,295,999	100,266,276
		640,208,684
Natural Gas Gathering/Processing — 34.7%		
United States — 34.7%		
Antero Midstream Partners LP	2,530,696	76,553,554
DCP Midstream, LP	1,081,052	45,306,889
EnLink Midstream Partners, LP	4,469,701	76,431,887
Noble Midstream Partners LP	272,732	14,064,789
Rice Midstream Partners LP	1,843,425	34,048,060
Western Gas Partners, LP	2,776,231	143,447,856
Williams Partners L.P.	2,379,549	94,706,050
		484,559,085
Refined Product Pipelines — 50.1%		
United States — 50.1%		
Buckeye Partners, L.P.	2,338,731	84,311,253
Buckeye Partners, L.P. ⁽²⁾⁽³⁾	531,133	17,904,494
Holly Energy Partners, L.P.	3,011,130	88,466,999
Magellan Midstream Partners, L.P.	2,663,894	186,206,191
MPLX LP	4,478,227	160,813,132
NuStar Energy L.P.	1,365,641	33,376,266
Phillips 66 Partners LP	1,530,570	80,048,811
Valero Energy Partners LP	1,180,378	48,383,694
		699,510,840
Total Master Limited Partnerships (Cost \$1,953,337,594)		2,200,977,431
Common Stock — 3.6%		
Natural Gas/Natural Gas Liquids Pipelines — 3.6%		
United States — 3.6%		
ONEOK, Inc. (Cost \$37,120,862)	734,248	50,046,343
Preferred Stock — 3.1%		
Crude Oil Pipelines — 0.4%		
United States — 0.4%		

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

SemGroup Corporation, 7.000% ⁽²⁾⁽⁴⁾⁽⁵⁾ Natural Gas Gathering/Processing — 1.8% United States — 1.8%	6,277	6,006,024
Targa Resources Corp., 9.500% ⁽²⁾⁽⁴⁾ Oil and Gas Production — 0.9% United States — 0.9%	21,758	24,508,022
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	392,800	12,899,552
Total Preferred Stock (Cost \$39,486,912)		43,413,598
Private Investment — 1.3%		
Renewables — 1.3%		
United States — 1.3%		
Tortoise HoldCo II, LLC ⁽²⁾⁽⁴⁾⁽⁶⁾ (Cost \$31,905,015)	N/A	18,233,731
Short-Term Investment — 0.0%		
United States Investment Company — 0.0%		
Invesco Government & Agency Portfolio — Institutional Class, 1.64% ⁽⁷⁾ (Cost \$258,866)	258,866	258,866
Total Investments — 165.7% (Cost \$2,062,109,249)		2,312,929,969
Interest Rate Swap Contracts — 0.0% \$15,000,000 notional — net unrealized appreciation		66,427
Other Assets and Liabilities — 0.4%		5,362,056
Deferred Tax Liability — (16.9)%		(235,454,350)
Credit Facility Borrowings — (8.6)%		(119,300,000)
Senior Notes — (28.8)%		(402,500,000)
Mandatory Redeemable Preferred Stock at Liquidation Value — (11.8)%		(165,000,000)
Total Net Assets Applicable to Common Stockholders — 100.0%		\$ 1,396,104,102

(1) Calculated as a percentage of net assets applicable to common stockholders.

Restricted securities have a total fair value of \$66,652,271, which represents 4.8% of net assets. See Note 6 to the financial statements for further disclosure.

Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Buckeye Partners, L.P. by a

(3) 12.5% discount to the average VWAP of Buckeye Partners, L.P. shares for the ten consecutive trading days prior to the ex-dividend date.

Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 to the financial statements.

(5) Security distributions are paid-in-kind. Cash value of the 7.0% coupon is added to the liquidation preference of the preferred stock.

(6) Deemed to be an affiliate of the fund.

(7) Rate indicated is the current yield as of May 31, 2018.

(8) See Note 12 to the financial statements for further disclosure.

See accompanying Notes to Financial Statements.

Tortoise

19

NTG Schedule of Investments (unaudited)
May 31, 2018

	Shares	Fair Value
Master Limited Partnerships — 157.7%		
Crude Oil Pipelines — 26.7%		
United States — 26.7%		
Andeavor Logistics LP	1,782,583	\$ 76,472,811
BP Midstream Partners LP	669,236	14,301,573
Enbridge Energy Partners, L.P.	3,648,575	35,938,464
Plains All American Pipeline, L.P.	3,133,427	73,635,534
Shell Midstream Partners, L.P.	636,259	14,245,839
		214,594,221
Natural Gas/Natural Gas Liquids Pipelines — 48.7%		
United States — 48.7%		
Dominion Energy Midstream Partners, LP	1,046,211	13,391,501
Energy Transfer Partners, L.P.	7,137,078	135,533,111
Enterprise Products Partners L.P.	3,901,817	112,762,511
EQT Midstream Partners, LP	876,720	48,947,278
Spectra Energy Partners, LP	768,567	23,164,609
Tallgrass Energy Partners, LP	1,308,009	57,120,753
		390,919,763
Natural Gas Gathering/Processing — 40.3%		
United States — 40.3%		
Antero Midstream Partners LP	986,395	29,838,449
DCP Midstream, LP	1,037,581	43,485,020
EnLink Midstream Partners, LP	3,314,385	56,675,983
Noble Midstream Partners LP	155,562	8,022,332
Rice Midstream Partners LP	1,133,910	20,943,318
Western Gas Partners, LP	1,662,809	85,917,341
Williams Partners L.P.	1,965,491	78,226,542
		323,108,985
Refined Product Pipelines — 42.0%		
United States — 42.0%		
Buckeye Partners, L.P.	1,209,010	43,584,810
Buckeye Partners, L.P. ⁽²⁾⁽³⁾	398,583	13,436,233
Holly Energy Partners, L.P.	1,819,436	53,455,030
Magellan Midstream Partners, L.P.	893,762	62,473,964
MPLX LP	2,433,963	87,403,611
NuStar Energy L.P.	793,760	19,399,494
Phillips 66 Partners LP	848,518	44,377,491
Valero Energy Partners LP	319,528	13,097,453
		337,228,086
Total Master Limited Partnerships (Cost \$1,187,282,288)		1,265,851,055
Common Stock — 5.9%		
Natural Gas/Natural Gas Liquids Pipelines — 5.9%		
United States — 5.9%		
ONEOK, Inc. (Cost \$35,035,061)	692,991	47,234,267
Preferred Stock — 3.0%		
Crude Oil Pipelines — 0.5%		
United States — 0.5%		

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

SemGroup Corporation, 7.000%(2)(4)(5)	3,763	3,600,553
Natural Gas Gathering/Processing — 1.7%		
United States — 1.7%		
Targa Resources Corp., 9.500%(2)(4)	12,252	13,800,546
Oil and Gas Production — 0.8%		
United States — 0.8%		
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	199,500	6,551,580
Total Preferred Stock (Cost \$21,613,516)		23,952,679
Short-Term Investment — 0.0%		
United States Investment Company — 0.0%		
Invesco Government & Agency Portfolio — Institutional Class, 1.64%(6) (Cost \$134,081)	134,081	134,081
Total Investments — 166.6%		1,337,172,082
(Cost \$1,244,064,946)		(3,393,492)
Other Assets and Liabilities — (0.4)%		(88,238,303)
Deferred Tax Liability — (11.0)%		(69,100,000)
Credit Facility Borrowings — (8.6)%		(264,000,000)
Senior Notes — (32.9)%		(110,000,000)
Mandatory Redeemable Preferred Stock at Liquidation Value — (13.7)%		
Total Net Assets Applicable to Common Stockholders — 100.0%		\$ 802,440,287

(1) Calculated as a percentage of net assets applicable to common stockholders.

Restricted securities have a total fair value of \$30,837,332, which represents 3.8% of net assets. See Note 6 to the financial statements for (2) further disclosure.

Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Buckeye Partners, L.P. by a

(3) 12.5% discount to the average VWAP of Buckeye Partners, L.P. shares for the ten consecutive trading days prior to the ex-dividend date.

Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 (4) to the financial statements.

(5) Security distributions are paid-in-kind. Cash value of the 7.0% coupon is added to the liquidation preference of the preferred stock.

(6) Rate indicated is the current yield as of May 31, 2018.

See accompanying Notes to Financial Statements.

2018 2nd Quarter Report | May 31, 2018

TTP Schedule of Investments (unaudited)
May 31, 2018

	Shares	Fair Value
Common Stock — 91.2%		
Crude Oil Pipelines — 32.9%		
Canada — 16.2%		
Gibson Energy Inc.	188,122	\$ 2,582,579
Enbridge Inc.	421,656	13,100,852
Inter Pipeline Ltd.	434,018	8,197,672
Pembina Pipeline Corporation	187,888	6,535,361
United States — 16.7%		
Plains GP Holdings, L.P.	878,270	21,579,094
SemGroup Corporation	382,241	9,670,697
		61,666,255
Natural Gas Gathering/Processing — 17.1%		
United States — 17.1%		
EnLink Midstream, LLC	530,288	9,280,040
Targa Resources Corp.	280,249	13,628,509
The Williams Companies, Inc.	337,385	9,062,161
		31,970,710
Natural Gas/Natural Gas Liquids Pipelines — 29.3%		
Canada — 8.1%		
TransCanada Corporation	365,598	15,292,964
United States — 21.2%		
Cheniere Energy Partners LP Holdings, LLC	86,096	2,602,682
ONEOK, Inc.	375,137	25,569,338
Tallgrass Energy GP, LP	534,777	11,503,053
		54,968,037
Oil and Gas Production — 11.9%		
United States — 11.9%		
Anadarko Petroleum Corporation ⁽²⁾	18,200	1,270,360
Antero Resources Corporation ⁽²⁾⁽³⁾	56,800	1,085,448
Cabot Oil & Gas Corporation ⁽²⁾	43,300	989,405
Carrizo Oil & Gas, Inc. ⁽²⁾⁽³⁾	22,600	570,876
Cimarex Energy Co. ⁽²⁾	17,100	1,588,932
Concho Resources Inc. ⁽²⁾⁽³⁾	19,500	2,677,545
Continental Resources, Inc. ⁽²⁾⁽³⁾	20,000	1,346,800
Diamondback Energy, Inc. ⁽²⁾	7,300	881,548
EOG Resources, Inc. ⁽²⁾	19,300	2,273,733
EQT Corporation ⁽²⁾	33,000	1,700,820
Laredo Petroleum, Inc. ⁽²⁾⁽³⁾	75,800	703,424
Newfield Exploration Company ⁽²⁾⁽³⁾	38,000	1,111,120
Noble Energy, Inc. ⁽²⁾	32,200	1,149,540
Parsley Energy, Inc. ⁽²⁾⁽³⁾	29,800	878,504
PDC Energy, Inc. ⁽²⁾⁽³⁾	9,400	568,606
Pioneer Natural Resources Company ⁽²⁾	6,500	1,255,150
Range Resources Corporation ⁽²⁾	83,700	1,325,808
WPX Energy, Inc. ⁽²⁾⁽³⁾	55,300	1,007,013
		22,384,632
Total Common Stock (Cost \$181,404,910)		170,989,634

**Master Limited Partnerships
and Related Companies — 39.4%**

Crude Oil Pipelines — 8.8%

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

United States — 8.8%			
Andeavor Logistics LP	28,388		1,217,845
BP Midstream Partners LP		71,626	1,530,647
Enbridge Energy Management, L.L.C. ⁽⁴⁾	1,024,748		9,735,109
Genesis Energy L.P.		46,531	1,021,821
Shell Midstream Partners, L.P.	132,089		2,957,473
			16,462,895
Natural Gas/Natural Gas Liquids Pipelines — 11.6%			
United States — 11.6%			
Energy Transfer Equity, L.P.	43,645		754,186
Energy Transfer Partners, L.P.		714,412	13,566,684
Enterprise Products Partners L.P.	145,209		4,196,540
EQT Midstream Partners, LP		3,592	200,541
Tallgrass Energy Partners, LP	68,079		2,973,010
			21,690,961
Natural Gas Gathering/Processing — 3.8%			
United States — 3.8%			
DCP Midstream, LP	6,327		265,164
EnLink Midstream Partners, LP		92,339	1,578,997
Rice Midstream Partners LP	150,313		2,776,281
Western Gas Partners, LP		50,531	2,610,937
			7,231,379
Refined Product Pipelines — 15.2%			
United States — 15.2%			
Buckeye Partners, L.P.		67,521	2,434,132
Buckeye Partners, L.P. ⁽⁵⁾⁽⁶⁾	60,021		2,023,308
Holly Energy Partners, L.P.		168,476	4,949,825
Magellan Midstream Partners, L.P.	35,211		2,461,249
MPLX LP		245,647	8,821,184
NuStar Energy L.P.	135,021		3,299,913
Phillips 66 Partners LP		73,200	3,828,360
Valero Energy Partners LP	15,417		631,943
			28,449,914
Total Master Limited Partnerships and Related Companies (Cost \$82,216,338)			73,835,149

See accompanying Notes to Financial Statements.

Tortoise

21

TTP Schedule of Investments (unaudited) (continued)
 May 31, 2018

	Shares	Fair Value
Preferred Stock — 7.1%		
Crude Oil Pipelines — 1.5%		
United States — 1.5%		
SemGroup Corporation., 7.000%(5)(7)(8)	2,877	\$ 2,752,801
Natural Gas Gathering/Processing — 1.2%		
United States — 1.2%		
Targa Resources Corp., 9.500%(5)(7)	2,108	2,374,433
Oil and Gas Production — 2.9%		
United States — 2.9%		
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	39,500	1,297,180
Hess Corporation, 8.000%, 02/01/2019	60,000	4,107,900 5,405,080
Power — 1.5%		
United States — 1.5%		
Sempra Energy, 6.000%, 01/15/2021	28,811	2,857,763
Total Preferred Stock (Cost \$12,590,724)		13,390,077
Short-Term Investment — 0.1%		
United States Investment Company — 0.1%		
Invesco Government & Agency Portfolio — Institutional Class, 1.64%(9) (Cost \$143,245)	143,245	143,245
Total Investments — 137.8% (Cost \$276,355,217)		258,358,105
Total Value of Options Written (Premiums received \$340,310) — (0.1)%		(138,412)
Other Assets and Liabilities — (0.4)%		(675,923)
Credit Facility Borrowings — (10.7)%		(20,100,000)
Senior Notes — (18.1)%		(34,000,000)
Mandatory Redeemable Preferred Stock at Liquidation Value — (8.5)%		(16,000,000)
Total Net Assets Applicable to Common Stockholders — 100.0%		\$ 187,443,770

(1) Calculated as a percentage of net assets applicable to common stockholders.

(2) All or a portion of the security represents cover for outstanding call option contracts written.

(3) Non-income producing security.

Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Enbridge Energy Partners, L.P. by the average closing price of Enbridge Energy Management, L.L.C. shares for the ten consecutive trading days prior to the ex-dividend date.

(4) Restricted securities have a total fair value of \$7,150,542, which represents 3.8% of net assets. See Note 6 to the financial statements for further disclosure.

(5) Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Buckeye Partners, L.P. by a

(6) 12.5% discount to the average VWAP of Buckeye Partners, L.P. shares for the ten consecutive trading days prior to the ex-dividend date.

Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 (7) to the financial statements.

(8) Security distributions are paid-in-kind. Cash value of the 7.0% coupon is added to the liquidation preference of the preferred stock.

(9) Rate indicated is the current yield as of May 31, 2018.

See accompanying Notes to Financial Statements.

2018 2nd Quarter Report | May 31, 2018

NDP Schedule of Investments (unaudited)
May 31, 2018

	Shares	Fair Value
Common Stock — 101.4%		
Natural Gas Gathering/Processing — 0.7%		
United States — 0.7%		
Targa Resources Corp.	26,507	\$ 1,289,036
Oil and Gas Production — 97.6%		
United States — 97.6%		
Anadarko Petroleum Corporation ⁽²⁾	126,800	8,850,640
Antero Resources Corporation ⁽²⁾⁽³⁾	339,000	6,478,290
Cabot Oil & Gas Corporation ⁽²⁾	662,200	15,131,270
Carrizo Oil & Gas, Inc. ⁽²⁾⁽³⁾	117,100	2,957,946
Centennial Resource Development, Inc. ⁽³⁾	117,239	2,063,406
Cimarex Energy Co. ⁽²⁾	69,900	6,495,108
Concho Resources Inc. ⁽²⁾⁽³⁾	83,600	11,479,116
Continental Resources, Inc. ⁽²⁾⁽³⁾	225,200	15,164,968
Devon Energy Corporation ⁽²⁾	254,634	10,585,135
Diamondback Energy, Inc. ⁽²⁾	98,900	11,943,164
EOG Resources, Inc. ⁽²⁾	141,800	16,705,458
EQT Corporation ⁽²⁾	107,800	5,556,012
Laredo Petroleum, Inc. ⁽²⁾⁽³⁾	276,800	2,568,704
Newfield Exploration Company ⁽²⁾⁽³⁾	180,300	5,271,972
Parsley Energy, Inc. ⁽²⁾⁽³⁾	226,000	6,662,480
PDC Energy, Inc. ⁽²⁾⁽³⁾	49,100	2,970,059
Pioneer Natural Resources Company ⁽²⁾	114,400	22,090,640
Range Resources Corporation ⁽²⁾	460,300	7,291,152
SM Energy Company ⁽²⁾	97,200	2,546,640
Wildhorse Resource Development Corporation ⁽²⁾⁽³⁾	107,600	2,890,136
WPX Energy, Inc. ⁽²⁾⁽³⁾	454,000	8,267,340
		173,969,636
Oilfield Services — 3.1%		
United States — 3.1%		
Fairmount Santrol Holdings Inc. ⁽²⁾⁽³⁾	337,800	1,901,814
U.S. Silica Holdings, Inc. ⁽²⁾	117,100	3,621,903
		5,523,717
Total Common Stock (Cost \$187,416,205)		180,782,389
Master Limited Partnerships and Related Companies — 34.3%		
Crude Oil Pipelines — 8.5%		
United States — 8.5%		
Andeavor Logistics LP	57,607	2,471,340
BP Midstream Partners LP	70,583	1,508,359
Enbridge Energy Management, L.L.C. ⁽⁴⁾	420,585	3,995,557
Plains All American Pipeline, L.P.	168,322	3,955,567
Shell Midstream Partners, L.P.	139,785	3,129,786
		15,060,609
Natural Gas/Natural Gas Liquids Pipelines — 6.4%		
United States — 6.4%		
Energy Transfer Equity, L.P.	44,365	766,627
Energy Transfer Partners, L.P.	342,200	6,498,378
EQT Midstream Partners, LP	24,303	1,356,837
Spectra Energy Partners, LP	61,928	1,866,510

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Tallgrass Energy Partners, LP	20,140		879,514 11,367,866
Natural Gas Gathering/Processing — 7.6%			
United States — 7.6%			
Antero Midstream Partners LP	75,672		2,289,078
DCP Midstream, LP		123,274	5,166,413
EnLink Midstream Partners, LP	86,700		1,482,570
Noble Midstream Partners LP		25,215	1,300,338
Rice Midstream Partners LP	40,357		745,394
Western Gas Partners, LP		17,480	903,192
Williams Partners L.P.	42,688		1,698,982 13,585,967
Refined Product Pipelines — 11.8%			
United States — 11.8%			
Buckeye Partners, L.P.	36,581		1,318,745
Buckeye Partners, L.P. ⁽⁵⁾⁽⁶⁾		56,411	1,901,615
Holly Energy Partners, L.P.	166,922		4,904,168
Magellan Midstream Partners, L.P.		22,216	1,552,898
MPLX LP	121,726		4,371,181
NuStar Energy L.P.		59,614	1,456,966
Phillips 66 Partners LP	85,677		4,480,907
Valero Energy Partners LP		26,106	1,070,085 21,056,565
Total Master Limited Partnerships and Related Companies (Cost \$60,851,308)			61,071,007
See accompanying Notes to Financial Statements.			

Tortoise

23

NDP Schedule of Investments (unaudited) (continued)
May 31, 2018

	Shares	Fair Value
Preferred Stock — 1.9%		
Natural Gas Gathering/Processing — 1.2%		
United States — 1.2%		
Targa Resources Corp., 9.500% ⁽⁵⁾⁽⁷⁾	1,997	\$ 2,249,403
Oil and Gas Production — 0.7%		
United States — 0.7%		
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	36,900	1,211,796
Total Preferred Stock (Cost \$3,081,404)		3,461,199
Short-Term Investment — 0.1%		
United States Investment Company — 0.1%		
Invesco Government & Agency Portfolio — Institutional Class, 1.64% ⁽⁸⁾ (Cost \$149,556)	149,556	149,556
Total Investments — 137.7% (Cost \$251,498,473)		245,464,151
Total Value of Options Written (Premiums received \$1,872,735) — (0.4)%		(648,957)
Other Assets and Liabilities — (0.4)%		(753,222)
Credit Facility Borrowings — (36.9)%		(65,800,000)
Total Net Assets Applicable to Common Stockholders — 100.0%		\$ 178,261,972

(1) Calculated as a percentage of net assets applicable to common stockholders.

(2) All or a portion of the security represents cover for outstanding call option contracts written.

(3) Non-income producing security.

Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Enbridge Energy Partners, L.P. by the average closing price of Enbridge Energy Management, L.L.C. shares for the ten consecutive trading days prior to the ex-dividend date.

Restricted securities have a total fair value of \$4,151,018, which represents 2.3% of net assets. See Note 6 to the financial statements for further disclosure.

Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Buckeye Partners, L.P. by a

(6) 12.5% discount to the average VWAP of Buckeye Partners, L.P. shares for the ten consecutive trading days prior to the ex-dividend date.

Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 to the financial statements.

(8) Rate indicated is the current yield as of May 31, 2018.

See accompanying Notes to Financial Statements.

2018 2nd Quarter Report | May 31, 2018

TPZ Schedule of Investments (unaudited)
May 31, 2018

	Principal Amount	Fair Value
Corporate Bonds — 65.7%		
Crude Oil Pipelines — 10.5%		
Canada — 5.4%		
Enbridge Inc., 5.500%, 07/15/2077	\$ 8,500,000	\$7,851,875
United States — 5.1%		
SemGroup Corp., 6.375%, 03/15/2025	6,000,000	5,670,000
SemGroup Corp., 5.625%, 11/15/2023	2,000,000	1,865,000
		15,386,875
Natural Gas/Natural Gas Liquids Pipelines — 25.6%		
Canada — 4.7%		
TransCanada Corporation, 5.625%, 05/20/2075	7,000,000	6,860,000
United States — 20.9%		
Cheniere Corp., 7.000%, 06/30/2024	4,000,000	4,380,040
Cheniere Corp., 5.875%, 03/31/2025	2,000,000	2,087,500
Columbia Pipeline Group, Inc., 3.300%, 06/01/2020	2,000,000	1,996,148
Florida Gas Transmission Co., LLC, 5.450%, 07/15/2020 ⁽²⁾	1,500,000	1,561,347
Kinder Morgan, Inc., 6.500%, 09/15/2020	4,000,000	4,271,792
Kinder Morgan, Inc., 4.300%, 03/01/2028	3,000,000	2,941,830
Midcontinent Express Pipeline LLC, 6.700%, 09/15/2019 ⁽²⁾	2,000,000	2,055,000
ONEOK, Inc., 4.250%, 02/01/2022	4,500,000	4,588,200
ONEOK, Inc., 7.500%, 09/01/2023	2,000,000	2,325,516
Ruby Pipeline, LLC, 6.000%, 04/01/2022 ⁽²⁾	1,340,909	1,420,314
Southern Star Central Corp., 5.125%, 07/15/2022 ⁽²⁾	3,000,000	3,022,500
		37,510,187
Natural Gas Gathering/Processing — 11.5%		
United States — 11.5%		
Blue Racer Midstream, LLC, 6.125%, 11/15/2022 ⁽²⁾	4,000,000	4,070,880
DCP Midstream LLC, 9.750%, 03/15/2019 ⁽²⁾	4,000,000	4,207,880
The Williams Companies, Inc., 7.875%, 09/01/2021	5,000,000	5,601,250
The Williams Companies, Inc., 4.550%, 06/24/2024	3,000,000	3,011,250
		16,891,260
Oil and Gas Production — 1.6%		
United States — 1.6%		
Carrizo Oil & Gas, Inc., 7.500%, 09/15/2020	215,000	216,075

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

EQT Corporation, 8.125%, 06/01/2019	2,000,000	2,096,762 2,312,837
Power/Utility — 15.0%		
United States — 15.0%		
The AES Corporation, 5.500%, 04/15/2025	4,000,000	4,040,000
CMS Energy Corp., 8.750%, 06/15/2019	1,729,000	1,822,940
Dominion Resources, Inc., 5.750%, 10/01/2054	4,000,000	4,234,940
Duquesne Light Holdings, Inc., 6.400%, 09/15/2020 ⁽²⁾	3,000,000	3,189,975
Duquesne Light Holdings, Inc., 5.900%, 12/01/2021 ⁽²⁾	2,000,000	2,142,716
NRG Energy, Inc., 6.250%, 07/15/2022	2,000,000	2,060,000
NRG Yield Operating LLC, 5.375%, 08/15/2024	2,500,000	2,487,500
NV Energy, Inc., 6.250%, 11/15/2020	1,000,000	1,073,238
Pattern Energy Group Inc., 5.875%, 02/01/2024 ⁽²⁾	1,000,000	1,012,500 22,063,809
Refining — 1.5%		
United States — 1.5%		
HollyFrontier Corporation, 5.875%, 04/01/2026	2,000,000	2,154,400
Total Corporate Bonds (Cost \$95,340,812)		96,319,368
See accompanying Notes to Financial Statements.		

Tortoise

25

TPZ Schedule of Investments (unaudited) (continued)
May 31, 2018

	Shares	Fair Value
Master Limited Partnerships and Related Companies — 38.0%		
Crude Oil Pipelines — 8.1%		
United States — 8.1%		
Andeavor Logistics LP	50,201	\$ 2,153,623
BP Midstream Partners LP	56,069	1,198,195
Enbridge Energy Management, L.L.C. ⁽³⁾	680,957	6,469,089
Shell Midstream Partners, L.P.	89,044	1,993,695
		11,814,602
Natural Gas/Natural Gas Liquids Pipelines — 10.5%		
United States — 10.5%		
Energy Transfer Partners, L.P.	560,771	10,649,041
Enterprise Products Partners L.P.	98,682	2,851,910
Tallgrass Energy Partners, LP	44,952	1,963,054
		15,464,005
Natural Gas Gathering/Processing — 4.9%		
United States — 4.9%		
EnLink Midstream Partners, LP	128,687	2,200,548
Rice Midstream Partners LP	102,565	1,894,376
Western Gas Partners, LP	59,565	3,077,723
		7,172,647
Refined Product Pipelines — 14.5%		
United States — 14.5%		
Buckeye Partners, L.P.	39,201	1,413,196
Buckeye Partners, L.P. ⁽²⁾⁽⁴⁾	47,320	1,595,157
Holly Energy Partners, L.P.	147,585	4,336,047
Magellan Midstream Partners, L.P.	36,250	2,533,875
MPLX LP	140,992	5,063,022
NuStar Energy L.P.	102,338	2,501,141
Phillips 66 Partners LP	53,422	2,793,971
Valero Energy Partners LP	24,067	986,506
		21,222,915
Total Master Limited Partnerships and Related Companies (Cost \$50,913,899)		55,674,169
Common Stock — 23.1%		
Crude Oil Pipelines — 4.9%		
United States — 4.9%		
Plains GP Holdings, L.P.	292,549	7,187,929
Natural Gas/Natural Gas Liquids Pipelines — 12.5%		
United States — 12.5%		
Cheniere Energy Partners LP Holdings, LLC	68,680	2,076,196
ONEOK, Inc.	138,376	9,431,707
Tallgrass Energy GP, LP	318,878	6,859,066
		18,366,969
Natural Gas Gathering/Processing — 5.7%		
United States — 5.7%		
EnLink Midstream LLC	125,234	2,191,595
Targa Resources Corp.	125,849	6,120,037
		8,311,632
Total Common Stock (Cost \$25,842,040)		33,866,530
See accompanying Notes to Financial Statements.		

2018 2nd Quarter Report | May 31, 2018

TPZ Schedule of Investments (unaudited) (continued)
May 31, 2018

	Shares	Fair Value
Preferred Stock — 6.0%		
Crude Oil Pipelines — 1.4%		
United States — 1.4%		
SemGroup Corporation, 7.000%(2)(5)(6)	2,120	\$ 2,028,480
Natural Gas Gathering/Processing — 1.3%		
United States — 1.3%		
Targa Resources Corp., 9.500%(2)(5)	1,685	1,897,970
Oil and Gas Production — 0.5%		
United States — 0.5%		
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	24,400	801,296
Power/Utility — 2.8%		
United States — 2.8%		
DTE Energy, 6.500%, 10/01/2019	39,600	2,038,608
Sempra Energy, 6.000%, 01/15/2021	21,189	4,140,345
Total Preferred Stock (Cost \$8,608,787)		8,868,091
Short-Term Investment — 0.1%		
United States Investment Company — 0.1%		
Invesco Government & Agency Portfolio — Institutional Class, 1.64%(7) (Cost \$194,156)	194,156	194,156
Total Investments — 132.9% (Cost \$180,899,694)		194,922,314
Interest Rate Swap Contracts — 0.1%		
\$15,000,000 notional — net unrealized appreciation ⁽⁸⁾		148,479
Other Assets and Liabilities — 1.9%		2,778,567
Credit Facility Borrowings — (34.9)%		(51,200,000)
Total Net Assets Applicable to Common Stockholders — 100.0%		\$ 146,649,360

(1) Calculated as a percentage of net assets applicable to common stockholders.

Restricted securities have a total fair value of \$28,204,719 which represents 19.2% of net assets. See Note 6 to the financial statements for (2) further disclosure.

Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Enbridge Energy Partners, L.P. by (3) the average closing price of Enbridge Energy Management, L.L.C. shares for the ten consecutive trading days prior to the ex-dividend date.

Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Buckeye Partners, L.P. by a (4) 12.5% discount to the average VWAP of Buckeye Partners, L.P. shares for the ten consecutive trading days prior to the ex-dividend date.

Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 (5) to the financial statements.

(6) Security distributions are paid-in-kind. Cash value of the 7.0% coupon is added to the liquidation preference of the preferred stock.

(7) Rate indicated is the current yield as of May 31, 2018.

(8) See Note 12 to the financial statements for further disclosure.

See accompanying Notes to Financial Statements.

Schedule of Interest Rate Swap Contracts (unaudited)

May 31, 2018

TYG					
Counterparty	Maturity Date	Notional Amount	Fixed Rate Paid by TYG	Floating Rate Received by TYG	Unrealized Appreciation
The Bank of Nova Scotia	09/02/2018	\$ 5,000,000	1.815%	1-month U.S. Dollar LIBOR	\$ 3,358
The Bank of Nova Scotia	09/02/2021	10,000,000	2.381%	1-month U.S. Dollar LIBOR	63,069
		\$ 15,000,000			\$ 66,427
TPZ					
Counterparty	Maturity Date	Notional Amount	Fixed Rate Paid by TPZ	Floating Rate Received by TPZ	Unrealized Appreciation
Wells Fargo Bank, N.A.	08/06/2018	\$ 6,000,000	1.950%	3-month U.S. Dollar LIBOR	\$ 111,027
Wells Fargo Bank, N.A.	11/29/2019	6,000,000	1.330%	3-month U.S. Dollar LIBOR	6,107
Wells Fargo Bank, N.A.	08/06/2020	3,000,000	2.180%	3-month U.S. Dollar LIBOR	31,345
		\$ 15,000,000			\$ 148,479

See accompanying Notes to Financial Statements.

28

Tortoise

2018 2nd Quarter Report | May 31, 2018

Schedule of Options Written (unaudited)
May 31, 2018

TTP

Call Options Written	Expiration Date	Strike Price	Contracts	Notional Value	Fair Value
Anadarko Petroleum Corporation	June 2018	\$ 74.50	182	\$ 1,355,900	\$ (4,277)
Antero Resources Corporation	June 2018	20.00	568	1,136,000	(11,360)
Cabot Oil & Gas Corporation	June 2018	25.00	433	1,082,500	(6,495)
Carrizo Oil & Gas, Inc.	June 2018	27.00	100	270,000	(4,200)
Carrizo Oil & Gas, Inc.	June 2018	28.25	126	355,950	(2,347)
Cimarex Energy Co.	June 2018	103.50	171	1,769,850	(2,899)
Concho Resources Inc.	June 2018	157.50	195	3,071,250	(1,578)
Continental Resources, Inc.	June 2018	72.50	200	1,450,000	(6,000)
Diamondback Energy, Inc.	June 2018	145.00	73	1,058,500	(365)
EOG Resources, Inc.	June 2018	131.50	193	2,537,950	(804)
EQT Corporation	June 2018	56.25	330	1,856,250	(9,051)
Laredo Petroleum, Inc.	June 2018	10.25	758	776,950	(7,012)
Newfield Exploration Company	June 2018	30.50	380	1,159,000	(15,869)
Noble Energy, Inc.	June 2018	38.35	322	1,234,870	(5,222)
Parsley Energy, Inc.	June 2018	33.45	298	996,810	(2,663)
PDC Energy, Inc.	June 2018	67.00	94	629,800	(1,708)
Pioneer Natural Resources Company	June 2018	220.00	65	1,430,000	(812)
Range Resources Corporation	June 2018	16.00	837	1,339,200	(50,220)
WPX Energy, Inc.	June 2018	20.00	553	1,106,000	(5,530)
Total Value of Call Options Written (Premiums received \$340,310)				\$ 24,616,780	\$ (138,412)

NDP

Call Options Written	Expiration Date	Strike Price	Contracts	Notional Value	Fair Value
Anadarko Petroleum Corporation	June 2018	\$ 75.00	724	\$ 5,430,000	\$ (17,376)
Anadarko Petroleum Corporation	June 2018	76.00	544	4,134,400	(6,800)
Antero Resources Corporation	June 2018	20.80	3,390	7,051,200	(20,774)
Cabot Oil & Gas Corporation	June 2018	25.25	6,622	16,720,550	(54,765)
Carrizo Oil & Gas, Inc.	June 2018	29.00	1,171	3,395,900	(19,907)
Cimarex Energy Co.	June 2018	106.50	699	7,444,350	(5,974)
Concho Resources Inc.	June 2018	165.00	836	13,794,000	(4,180)
Continental Resources, Inc.	June 2018	72.50	2,252	16,327,000	(67,560)
Devon Energy Corporation	June 2018	45.00	2,546	11,457,000	(61,104)
Diamondback Energy, Inc.	June 2018	145.50	989	14,389,950	(3,354)
EOG Resources, Inc.	June 2018	135.00	1,418	19,143,000	(3,545)
EQT Corporation	June 2018	57.00	1,078	6,144,600	(22,756)
Fairmount Santrol Holdings Inc.	June 2018	6.80	3,378	2,297,040	(6,240)
Laredo Petroleum, Inc.	June 2018	10.65	2,768	2,947,920	(14,708)
Newfield Exploration Company	June 2018	31.45	1,803	5,670,435	(37,278)
Parsley Energy, Inc.	June 2018	35.00	2,260	7,910,000	(11,300)
PDC Energy, Inc.	June 2018	69.00	491	3,387,900	(3,385)
Pioneer Natural Resources Company	June 2018	225.00	1,144	25,740,000	(14,300)
Range Resources Corporation	June 2018	16.35	4,603	7,525,905	(194,476)
SM Energy Company	June 2018	29.00	972	2,818,800	(21,099)
US Silica Holdings Inc.	June 2018	35.00	1,171	4,098,500	(5,855)
Wildhorse Resource Development Corporation	June 2018	29.00	1,076	3,120,400	(23,908)
WPX Energy, Inc.	June 2018	20.50	4,540	9,307,000	(28,313)
Total Value of Call Options Written (Premiums received \$1,872,735)				\$ 200,255,850	\$ (648,957)

See accompanying Notes to Financial Statements.

Statements of Assets & Liabilities (unaudited)
May 31, 2018

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Assets		
Investments in unaffiliated securities at fair value ⁽¹⁾	\$ 2,294,696,238	\$ 1,337,172,082
Investments in affiliated securities at fair value ⁽²⁾	18,233,731	—
Receivable for Adviser fee waiver	99,534	—
Receivable for investments sold	—	—
Unrealized appreciation of interest rate swap contracts, net	66,427	—
Dividends, distributions and interest receivable from investments	791,963	428,388
Current tax asset	13,899,297	595,221
Prepaid expenses and other assets	785,578	468,153
Total assets	2,328,572,768	1,338,663,844
Liabilities		
Call options written, at fair value ⁽³⁾	—	—
Payable to Adviser	3,501,046	2,038,373
Accrued directors' fees and expenses	41,555	39,552
Payable for investments purchased	219,919	—
Accrued expenses and other liabilities	8,379,818	3,660,792
Deferred tax liability	235,454,350	88,238,303
Credit facility borrowings	119,300,000	69,100,000
Senior notes, net ⁽⁴⁾	401,840,677	263,670,125
Mandatory redeemable preferred stock, net ⁽⁵⁾	163,731,301	109,476,412
Total liabilities	932,468,666	536,223,557
Net assets applicable to common stockholders	\$ 1,396,104,102	\$ 802,440,287
Net Assets Applicable to Common Stockholders Consist of:		
Capital stock, \$0.001 par value per share	\$ 52,698	\$ 47,406
Additional paid-in capital	881,733,851	526,384,462
Undistributed (accumulated) net investment income (loss), net of income taxes	(264,717,748)	(150,950,498)
Undistributed (accumulated) net realized gain (loss), net of income taxes	1,018,398,525	312,821,239
Net unrealized appreciation (depreciation), net of income taxes	(239,363,224)	114,137,678
Net assets applicable to common stockholders	\$ 1,396,104,102	\$ 802,440,287
Capital shares:		
Authorized	100,000,000	100,000,000
Outstanding	52,697,884	47,406,283
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	\$ 26.49	\$ 16.93
(1) Investments in unaffiliated securities at cost	\$ 2,030,204,234	\$ 1,244,064,946
(2) Investments in affiliated securities at cost	\$ 31,905,015	\$ —
(3) Call options written, premiums received	\$ —	\$ —
(4) Deferred debt issuance and offering costs	\$ 659,323	\$ 329,875
(5) Deferred offering costs	\$ 1,268,699	\$ 523,588

See accompanying Notes to Financial Statements.

2018 2nd Quarter Report | May 31, 2018

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$258,358,105	\$245,464,151	\$194,922,314
—	—	—
—	—	1,866,710
—	—	148,479
356,871	83,236	1,568,432
—	—	—
48,577	45,523	34,726
258,763,553	245,592,910	198,540,661
138,412	648,957	—
458,019	443,044	307,496
31,315	31,235	29,978
—	—	—
672,920	407,702	353,827
—	—	—
20,100,000	65,800,000	51,200,000
33,937,174	—	—
15,981,943	—	—
71,319,783	67,330,938	51,891,301
\$187,443,770	\$178,261,972	\$146,649,360
\$10,016	\$14,633	\$6,951
213,686,650	253,185,090	128,799,420
—	(5,211,478)	84,727
(8,454,724)	(64,915,728)	3,587,104
(17,798,172)	(4,810,545)	14,171,158
\$187,443,770	\$178,261,972	\$146,649,360
100,000,000	100,000,000	100,000,000
10,016,413	14,632,899	6,951,333
\$18.71	\$12.18	\$21.10
\$276,355,217	\$251,498,473	\$180,899,694
\$—	\$—	\$—
\$340,310	\$1,872,735	\$—
\$62,826	\$—	\$—
\$18,057	\$—	\$—

See accompanying Notes to Financial Statements.

Tortoise

31

Statements of Operations (unaudited)

Period from December 1, 2017 through May 31, 2018

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Investment Income		
Distributions from master limited partnerships	\$ 85,063,675	\$ 51,010,411
Dividends and distributions from common stock	1,253,951	1,146,880
Dividends and distributions from preferred stock	1,843,237	999,934
Dividends from private investment	250,000	—
Less return of capital on distributions	(96,138,686)	(54,565,856)
Less foreign taxes withheld	—	—
Net dividends and distributions from investments	(7,727,823)	(1,408,631)
Interest from corporate bonds	—	—
Dividends from money market mutual funds	1,840	5,472
Total Investment Income (loss)	(7,725,983)	(1,403,159)
Operating Expenses		
Advisory fees	10,741,135	6,347,598
Administrator fees	243,631	216,405
Professional fees	190,453	118,342
Directors' fees	102,098	87,454
Stockholder communication expenses	106,791	66,288
Custodian fees and expenses	47,623	29,120
Fund accounting fees	44,667	38,003
Registration fees	23,392	23,326
Stock transfer agent fees	7,144	6,171
Franchise fees	1,934	—
Other operating expenses	93,573	51,078
Total Operating Expenses	11,602,441	6,983,785
Leverage Expenses		
Interest expense	8,999,557	6,065,846
Distributions to mandatory redeemable preferred stockholders	3,460,000	2,221,125
Amortization of debt issuance costs	216,345	116,916
Other leverage expenses	144,122	37,298
Total Leverage Expenses	12,820,024	8,441,185
Total Expenses	24,422,465	15,424,970
Less fees waived by Adviser (Note 4)	(162,702)	—
Net Expenses	24,259,763	15,424,970
Net Investment Income (Loss), before Income Taxes	(31,985,746)	(16,828,129)
Deferred tax benefit	6,424,801	3,266,537
Net Investment Income (Loss)	(25,560,945)	(13,561,592)
Realized and Unrealized Gain (Loss) on Investments and Interest Rate Swaps		
Net realized gain (loss) on investments in unaffiliated securities	42,224,787	12,106,622
Net realized gain (loss) on options	11,596	—
Net realized loss on interest rate swap settlements	(48,437)	—
Net realized loss on foreign currency and translation of other assets and liabilities denominated in foreign currency	—	—
Net realized gain (loss), before income taxes	42,187,946	12,106,622
Deferred tax expense	(9,546,542)	(2,718,578)
Net realized gain (loss)	32,641,404	9,388,044
Net unrealized appreciation (depreciation) of investments in unaffiliated securities	73,580,389	56,180,757
Net unrealized depreciation of investments in affiliated securities	(4,493,829)	—
Net unrealized appreciation of options	—	—
Net unrealized appreciation of interest rate swap contracts	224,130	—
Net unrealized appreciation of other assets and liabilities due to foreign currency translation	—	—
Net unrealized appreciation (depreciation), before income taxes	69,310,690	56,180,757

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

Deferred tax benefit	109,746,643	33,586,528
Net unrealized appreciation (depreciation)	179,057,333	89,767,285
Net Realized and Unrealized Gain	211,698,737	99,155,329
Net Increase in Net Assets Applicable to Common Stockholders		
Resulting from Operations	\$ 186,137,792	\$ 85,593,737

See accompanying Notes to Financial Statements.

32

Tortoise

2018 2nd Quarter Report | May 31, 2018

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ 2,803,040	\$ 2,278,571	\$ 2,183,276
4,500,146	445,979	1,015,244
373,855	164,045	248,774
—	—	—
(5,249,617)	(2,729,542)	(3,659,419)
(223,372)	(16,087)	(3,565)
2,204,052	142,966	(215,690)
—	—	2,729,263
2,206	11,795	1,265
2,206,258	154,761	2,514,838
1,414,744	1,354,538	944,013
51,445	49,256	39,748
76,972	75,612	73,385
60,839	60,786	57,820
35,637	26,226	43,653
9,931	9,112	5,171
23,678	23,386	13,976
12,329	12,874	12,158
6,694	6,396	7,597
—	—	—
21,884	21,764	13,986
1,714,153	1,639,950	1,211,507
903,723	811,531	660,912
343,201	—	—
28,428	—	—
8,976	—	—
1,284,328	811,531	660,912
2,998,481	2,451,481	1,872,419
—	—	—
2,998,481	2,451,481	1,872,419
(792,223)	(2,296,720)	642,419
(792,223)	(2,296,720)	642,419
(585,363)	(11,095,167)	3,953,354
(1,522,729)	914,419	—
—	—	(8,035)
(283)	—	(554)
(2,108,375)	(10,180,748)	3,944,765
—	—	—
(2,108,375)	(10,180,748)	3,944,765
9,819,428	13,900,137	(1,073,067)
—	—	—
170,578	1,141,242	—
—	—	105,695
567	—	234
9,990,573	15,041,379	(967,138)
—	—	—

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSRS

9,990,573	15,041,379	(967,138)
7,882,198	4,860,631	2,977,627
\$ 7,089,975	\$ 2,563,911	\$ 3,620,046

See accompanying Notes to Financial Statements.

Tortoise

33

Statements of Changes in Net Assets

	Tortoise Energy Infrastructure Corp.		Tortoise MLP Fund, Inc.	
	Period from December 1, 2017 through May 31, 2018 (unaudited)	Year Ended November 30, 2017	Period from December 1, 2017 through May 31, 2018 (unaudited)	Year Ended November 30, 2017
Operations				
Net investment income (loss)	\$ (25,560,945)	\$ (31,941,053)	\$ (13,561,592)	\$ (19,766,804)
Net realized gain (loss)	32,641,404	119,288,455	9,388,044	29,188,785
Net unrealized appreciation (depreciation)	179,057,333	(200,775,043)	89,767,285	(83,536,956)
Net increase (decrease) in net assets applicable to common stockholders resulting from operations	186,137,792	(113,427,641)	85,593,737	(74,114,975)
Distributions to Common Stockholders				
Net investment income	—	—	—	—
Net realized gain	—	—	—	—
Return of capital	(68,078,155)	(128,748,918)	(39,958,606)	(79,670,471)
Total distributions to common stockholders	(68,078,155)	(128,748,918)	(39,958,606)	(79,670,471)
Capital Stock Transactions				
Proceeds from issuance of common shares through offerings	91,973,589	4,639,779	—	—
Underwriting discounts and offering expenses associated with the issuance of common stock	(185,867)	(91,276)	—	—
Issuance of common shares from reinvestment of distributions to stockholders	4,728,273	6,881,998	2,720,036	3,004,499
Other proceeds	—	180	—	—
Net increase in net assets applicable to common stockholders from capital stock transactions	96,515,995	11,430,681	2,720,036	3,004,499
Total increase (decrease) in net assets applicable to common stockholders	214,575,632	(230,745,878)	48,355,167	(150,780,947)
Net Assets				
Beginning of period	1,181,528,470	1,412,274,348	754,085,120	904,866,067
End of period	\$ 1,396,104,102	\$ 1,181,528,470	\$ 802,440,287	\$ 754,085,120
Undistributed (accumulated) net investment income (loss), net of income taxes, end of period	\$ (264,717,748)	\$ (239,156,803)	\$ (150,950,498)	\$ (137,388,906)
Transactions in common shares				
Shares outstanding at beginning of period	49,379,408	48,980,215	47,246,780	47,080,789
Shares issued through offerings	3,141,129	155,743	—	—
Shares issued through reinvestment of distributions	177,347	243,450	159,503	165,991
Shares outstanding at end of period	52,697,884	49,379,408	47,406,283	47,246,780

See accompanying Notes to Financial Statements.

2018 2nd Quarter Report | May 31, 2018

Tortoise Pipeline & Energy Fund, Inc.		Tortoise Energy Independence Fund, Inc.		Tortoise Power and Energy Infrastructure Fund, Inc.	
Period from December 1, 2017 through May 31, 2018 (unaudited)	Year Ended November 30, 2017	Period from December 1, 2017 through May 31, 2018 (unaudited)	Year Ended November 30, 2017	Period from December 1, 2017 through May 31, 2018 (unaudited)	Year Ended November 30, 2017
\$ (792,223)	\$ (458,179)	\$ (2,296,720)	\$ (2,930,061)	\$ 642,419	\$ 4,089,792
(2,108,375)	4,603,749	(10,180,748)	(9,166,863)	3,944,765	4,185,820
9,990,573	(33,840,728)	15,041,379)	(21,569,273)	(967,138)	(15,678,728)
7,089,975	(29,695,158)	2,563,911	(33,666,197)	3,620,046	(7,403,116)
(198,628)	(539,043)	—	—	(5,213,500)	(7,224,707)
—	(2,497,430)	—	—	—	(2,519,243)
(7,964,748)	(13,290,280)	(12,771,132)	(25,460,285)	—	(683,050)
(8,163,376)	(16,326,753)	(12,771,132)	(25,460,285)	(5,213,500)	(10,427,000)
—	—	—	—	—	—
—	—	—	—	—	—
—	—	580,640	927,023	—	—
—	—	—	—	—	—
—	—	580,640	927,023	—	—
(1,073,401)	(46,021,911)	(9,626,581)	(58,199,459)	(1,593,454)	(17,830,116)
188,517,171	234,539,082	187,888,553	246,088,012	148,242,814	166,072,930
\$ 187,443,770	\$ 188,517,171	\$ 178,261,972	\$ 187,888,553	\$ 146,649,360	\$ 148,242,814
\$ —	\$ 990,851	\$ (5,211,478)	\$ (2,914,758)	\$ 84,727	\$ 4,655,808
10,016,413	10,016,413	14,583,662	14,516,071	6,951,333	6,951,333
—	—	—	—	—	—
—	—	49,237	67,591	—	—
10,016,413	10,016,413	14,632,899	14,583,662	6,951,333	6,951,333

See accompanying Notes to Financial Statements.

Tortoise

35

Statements of Cash Flows (unaudited)

Period from December 1, 2017 through May 31, 2018

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Cash Flows From Operating Activities		
Dividends, distributions and interest received from investments	\$ 88,339,459	\$ 53,118,772
Purchases of long-term investments	(277,037,831)	(114,825,920)
Proceeds from sales of long-term investments	188,744,640	116,450,609
Sales (purchases) of short-term investments, net	(50,738)	28,076
Call options written, net	11,596	—
Payments on interest rate swap contracts, net	(48,437)	—
Interest received on securities sold, net	—	—
Interest expense paid	(8,852,151)	(5,602,635)
Distributions to mandatory redeemable preferred stockholders	(3,460,000)	(2,274,276)
Other leverage expenses paid	(3,526)	—
Income taxes paid	(884,500)	(60,500)
Operating expenses paid	(11,917,915)	(7,229,763)
Net cash provided by (used in) operating activities	(25,159,403)	39,604,363
Cash Flows From Financing Activities		
Advances (payments) on credit facilities, net	6,600,000	19,300,000
Issuance of mandatory redeemable preferred stock	—	65,000,000
Redemption of mandatory redeemable preferred stock	—	(65,000,000)
Issuance of senior notes	—	57,000,000
Maturity of senior notes	(10,000,000)	(77,000,000)
Debt issuance costs	(4,366)	(210,461)
Issuance of common stock	91,973,589	—
Common stock issuance costs	(59,925)	—
Distributions paid to common stockholders	(63,349,895)	(38,693,902)
Net cash provided by (used in) financing activities	25,159,403	(39,604,363)
Net change in cash	—	—
Cash — beginning of period	—	—
Cash — end of period	\$ —	\$ —

See accompanying Notes to Financial Statements.

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ 7,624,027	\$ 3,000,240	\$ 6,515,097
(23,561,636)	(262,222,350)	(30,266,194)
27,668,947	271,760,712	32,955,163
144,809	163,374	(68,041)
(1,535,944)	891,208	—
—	—	(8,035)
—	—	141,558
(865,871)	(731,034)	(604,373)
(343,200)	—	—
—	—	—
—	—	—
(1,767,755)	(1,684,079)	(1,251,675)
7,363,377	11,178,071	7,413,500
800,000	1,300,000	(2,200,000)
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
(8,163,377)	(12,478,071)	(5,213,500)
(7,363,377)	(11,178,071)	(7,413,500)
—	—	—
\$ —	\$ —	\$ —

See accompanying Notes to Financial Statements.

Tortoise

37

Statements of Cash Flows (unaudited) (continued)
 Period from December 1, 2017 through May 31, 2018

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Reconciliation of net increase in net assets applicable to common stockholders resulting from operations to net cash provided by (used in) operating activities		
Net increase in net assets applicable to common stockholders resulting from operations	\$ 186,137,792	\$ 85,593,737
Adjustments to reconcile net increase in net assets applicable to common stockholders resulting from operations to net cash provided by (used in) operating activities:		
Purchases of long-term investments	(265,760,549)	(113,302,442)
Proceeds from sales of long-term investments	180,134,324	112,703,556
Sales (purchases) of short-term investments, net	(50,738)	28,076
Call options written, net	11,596	—
Return of capital on distributions received	96,138,686	54,565,856
Deferred tax benefit	(106,624,902)	(34,134,487)
Net unrealized (appreciation) depreciation	(69,310,690)	(56,180,757)
Amortization of market premium, net	—	—
Net realized (gain) loss	(42,236,383)	(12,106,622)
Amortization of debt issuance costs	216,345	116,916
Changes in operating assets and liabilities:		
(Increase) decrease in dividends, distributions and interest receivable from investments	(73,244)	(43,925)
Increase in current tax asset	(884,500)	(60,500)
(Increase) decrease in receivable for investments sold	8,610,316	3,747,053
(Increase) decrease in prepaid expenses and other assets	97,797	(36,979)
Decrease in payable for investments purchased	(11,277,282)	(1,523,478)
Decrease in payable to Adviser, net of fees waived	(252,040)	(131,059)
Increase (decrease) in accrued expenses and other liabilities	(35,931)	369,418
Total adjustments	(211,297,195)	(45,989,374)
Net cash provided by (used in) operating activities	\$ (25,159,403)	\$ 39,604,363
Non-Cash Financing Activities		
Reinvestment of distributions by common stockholders in additional common shares	\$ 4,728,273	\$ 2,720,036

See accompanying Notes to Financial Statements.

2018 2nd Quarter Report | May 31, 2018

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ 7,089,975	\$ 2,563,911	\$ 3,620,046
(23,561,636)	(262,222,350)	(30,266,194)
27,668,947	271,760,712	34,821,873
144,809	163,374	(68,041)
(1,535,944)	891,208	—
5,249,617	2,729,542	3,659,419
—	—	—
(9,990,573)	(15,041,379)	967,138
—	—	245,023
2,108,375	10,180,748	(3,952,800)
28,428	—	—
168,152	115,937	237,375
—	—	—
—	—	(1,866,710)
(24,385)	(33,251)	(26,322)
—	—	—
(27,010)	(17,407)	(17,905)
44,622	87,026	60,598
273,402	8,614,160	3,793,454
\$ 7,363,377	\$ 11,178,071	\$ 7,413,500
\$ —	\$ 580,640	\$ —

See accompanying Notes to Financial Statements.

Tortoise

39

TYG Financial Highlights

	Period from December 1, 2017 through May 31, 2018 (unaudited)	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year End November 30, 2013
Per Common Share Data⁽¹⁾						
Net Asset Value, beginning of period	\$ 23.93	\$ 28.83	\$ 29.28	\$ 49.34	\$ 43.36	\$ 36.00
Income (Loss) from Investment Operations						
Net investment loss ⁽²⁾	(0.51)	(0.65)	(0.78)	(0.62)	(0.66)	(0.70)
Net realized and unrealized gain (loss) on investments and interest rate swap contracts ⁽²⁾	4.38	(1.64)	2.94	(16.85)	9.01	10.27
Total income (loss) from investment operations	3.87	(2.29)	2.16	(17.47)	8.35	9.54
Distributions to Common Stockholders						
Return of capital	(1.31)	(2.62)	(2.62)	(2.59)	(2.38)	(2.29)
Capital Stock Transactions						
Premiums less underwriting discounts and offering costs on issuance of common stock ⁽³⁾	(0.00)	0.01	0.01	(0.00)	0.01	0.05
Net Asset Value, end of period	\$26.49	\$23.93	\$28.83	\$29.28	\$49.34	\$43.36
Per common share market value, end of period	\$ 28.67	\$ 25.86	\$ 30.63	\$ 26.57	\$ 46.10	\$ 49.70
Total investment return based on market value ⁽⁴⁾⁽⁵⁾	16.36%	(7.49)%	26.21%	(37.86)%	(2.54)%	33.70%
Supplemental Data and Ratios						
Net assets applicable to common stockholders, end of period (000's)	\$1,396,104	\$1,181,528	\$1,412,274	\$1,405,733	\$2,369,068	\$1,245,760
Average net assets (000's)	\$1,340,561	\$1,406,724	\$1,345,764	\$1,974,038	\$1,837,590	\$1,167,330
Ratio of Expenses to Average Net Assets ⁽⁶⁾						
Advisory fees	1.61%	1.74%	1.74%	1.76%	1.65%	1.60%
Other operating expenses	0.13	0.12	0.12	0.10	0.13	0.12
Total operating expenses, before fee waiver	1.74	1.86	1.86	1.86	1.78	1.72
Fee waiver ⁽⁷⁾	(0.03)	(0.00)	(0.01)	—	(0.00)	(0.00)
Total operating expenses	1.71	1.86	1.85	1.86	1.78	1.73
Leverage expenses	1.92	1.78	2.29	1.75	1.38	1.50
Income tax expense (benefit) ⁽⁸⁾	(15.95)	(5.28)	4.64	(24.50)	7.81	14.05
Total expenses	(12.32)%	(1.64)%	8.78 %	(20.89)%	10.97 %	17.37

See accompanying Notes to Financial Statements.

2018 2nd Quarter Report | May 31, 2018

	Period from December 1, 2017 through May 31, 2018 (unaudited)	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year En November 2013
Ratio of net investment loss to average net assets before fee waiver ⁽⁶⁾	(3.85)%	(2.27)%	(2.83)%	(1.50)%	(1.33)%	(1.33)%
Ratio of net investment loss to average net assets after fee waiver ⁽⁶⁾	(3.82)%	(2.27)%	(2.82)%	(1.50)%	(1.33)%	(1.33)%
Portfolio turnover rate ⁽⁴⁾	8.04%	20.38%	24.23%	12.94%	15.33%	13.33%
Credit facility borrowings, end of period (000's)	\$ 119,300	\$ 112,700	\$ 109,300	\$ 66,000	\$ 162,800	\$ 27,600
Senior notes, end of period (000's)	\$ 402,500	\$ 412,500	\$ 442,500	\$ 545,000	\$ 544,400	\$ 300,000
Preferred stock, end of period (000's)	\$ 165,000	\$ 165,000	\$ 165,000	\$ 295,000	\$ 224,000	\$ 80,000
Per common share amount of senior notes outstanding, end of period	\$ 7.64	\$ 8.35	\$ 9.03	\$ 11.35	\$ 11.34	\$ 10.00
Per common share amount of net assets, excluding senior notes, end of period	\$ 34.13	\$ 32.28	\$ 37.86	\$ 40.63	\$ 60.68	\$ 53.00
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings ⁽⁹⁾	\$ 3,992	\$ 3,564	\$ 3,858	\$ 3,784	\$ 4,667	\$ 5,000
Asset coverage ratio of senior notes and credit facility borrowings ⁽⁹⁾	399%	356%	386%	378%	467%	500%
Asset coverage, per \$10 liquidation value per share of mandatory redeemable preferred stock ⁽¹⁰⁾	\$ 30	\$ 27	\$ 30	\$ 26	\$ 35	\$ 40
Asset coverage ratio of preferred stock ⁽¹⁰⁾	303%	271%	297%	255%	354%	400%

(1) Information presented relates to a share of common stock outstanding for the entire period.

The per common share data for the years ended November 30, 2017, 2016, 2015, 2014 and 2013 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.

(2) Represents premium on shelf offerings of less than \$0.01 per share, less the underwriting and offering costs of less than \$0.01, for the period from December 1, 2017 through May 31, 2018. Represents the premium on the shelf offerings of \$0.01 per share, less the underwriting and offering costs of less than \$0.01 per share for the year ended November 30, 2017. Represents the premium on the shelf offerings of \$0.02 per share, less the underwriting and offering costs of less than \$0.01 per share for the year ended November 30, 2016. Represents underwriting and offering costs of less than \$0.01 per share for the year ended November 30, 2015. Represents the premium on the shelf offerings of \$0.02 per share, less the underwriting and offering costs of \$0.01 per share for the year ended November 30, 2014. Represents the premium on the shelf offerings of \$0.06 per share, less the underwriting and offering costs of \$0.01 per share for the year ended November 30, 2013.

(3) Not annualized for periods less than one full year.
Total investment return is calculated assuming a purchase of common stock at the beginning of the period and a sale at the closing price on the last day of the period reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to TYG's dividend reinvestment plan.

(4) Annualized for periods less than one full year.

(5) Less than 0.01% for the years ended November 30, 2017, 2014 and 2013.

(6) For the period from December 1, 2017 through May 31, 2018, TYG accrued \$106,624,902 for net deferred income tax benefit. Included in the current period accrual is a deferred tax benefit of \$125,430,682 which is the impact from the federal tax rate reduction related to the Tax Cuts and Jobs Act. For the year ended November 30, 2017, TYG accrued \$35,365,364 for current income tax expense and \$109,662,030 for net deferred income tax benefit. For the year ended November 30, 2016, TYG accrued \$57,075,786 for current income tax expense and \$5,303,392 for net deferred income tax expense. For the year ended November 30, 2015, TYG accrued \$66,785,732 for net current income tax expense and \$550,449,662 for net deferred income tax benefit. For the year ended November 30, 2014, TYG accrued \$52,981,532 for current income tax expense and \$90,477,388 for net deferred income tax expense. For the year ended November 30, 2013, TYG accrued \$23,290,478 for net current income tax expense and \$140,745,675 for net deferred income tax expense.

(7) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes and credit facility borrowings outstanding at the end of the period.

(8) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the period.

See accompanying Notes to Financial Statements.

Tortoise

NTG Financial Highlights

	Period from December 1, 2017 through May 31, 2018 (unaudited)	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year E Novem 2013
Per Common Share Data⁽¹⁾						
Net Asset Value, beginning of period	\$ 15.96	\$ 19.22	\$ 18.65	\$ 29.83	\$ 28.00	\$
Income (Loss) from Investment Operations						
Net investment loss ⁽²⁾	(0.28)	(0.42)	(0.46)	(0.32)	(0.54)	
Net realized and unrealized gain (loss) on investments ⁽²⁾	2.10	(1.15)	2.72	(9.17)	4.06	5.59
Total income (loss) from investment operations	1.82	(1.57)	2.26	(9.49)	3.52	5.17
Distributions to Common Stockholders						
Return of capital	(0.85)	(1.69)	(1.69)	(1.69)	(1.69)	(1.67
Capital stock transactions						
Premiums less underwriting discounts and offering costs on issuance of common stock ⁽³⁾	—	—	(0.00)	(0.00)	—	0.00
Net Asset Value, end of period	\$16.93	\$15.96	\$19.22	\$18.65	\$29.83	\$28.00
Per common share market value, end of period	\$ 18.40	\$ 15.90	\$ 18.90	\$ 16.18	\$ 27.97	\$
Total investment return based on market value ⁽⁴⁾⁽⁵⁾	21.53%	(7.67)%	27.99%	(37.08)%	9.08%	
Supplemental Data and Ratios						
Net assets applicable to common stockholders, end of period (000's)	\$ 802,440	\$ 754,085	\$ 904,866	\$ 876,409	\$ 1,401,926	\$ 1,31
Average net assets (000's)	\$ 805,989	\$ 892,196	\$ 862,527	\$ 1,174,085	\$ 1,404,751	\$ 1,27
Ratio of Expenses to Average Net Assets ⁽⁶⁾						
Advisory fees	1.58%	1.61%	1.56%	1.56%	1.48%	
Other operating expenses	0.16	0.14	0.16	0.12	0.10	0.10
Total operating expenses, before fee waiver	1.74	1.75	1.72	1.68	1.58	
Fee waiver	—	—	(0.01)	(0.09)	(0.16)	(0.23
Total operating expenses	1.74	1.75	1.71	1.59	1.42	1.25
Leverage expenses	2.10	1.89	1.95	1.42	1.09	
Income tax expense (benefit) ⁽⁷⁾	(8.50)	(4.33)	7.25	(21.92)	7.04	11.09
Total expenses	(4.66)%	(0.69)%	10.91 %	(18.91)%	9.55 %	13.42

See accompanying Notes to Financial Statements.

2018 2nd Quarter Report | May 31, 2018

	Period from December 1, 2017 through May 31, 2018 (unaudited)	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year E Novem 2013
Ratio of net investment loss to average net assets before fee waiver ⁽⁶⁾	(3.37)%	(2.22)%	(2.53)%	(1.36)%	(1.97)%	(1.97)%
Ratio of net investment loss to average net assets after fee waiver ⁽⁶⁾	(3.37)%	(2.22)%	(2.52)%	(1.27)%	(1.81)%	(1.81)%
Portfolio turnover rate ⁽⁴⁾	8.52%	20.94%	35.47%	17.54%	18.09%	18.09%
Credit facility borrowings, end of period (000's)	\$ 69,100	\$ 49,800	\$ 46,800	\$ 62,800	\$ 68,900	\$ 27,000
Senior notes, end of period (000's)	\$ 264,000	\$ 284,000	\$ 284,000	\$ 348,000	\$ 348,000	\$ 255,000
Preferred stock, end of period (000's)	\$ 110,000	\$ 110,000	\$ 110,000	\$ 90,000	\$ 90,000	\$ 90,000
Per common share amount of senior notes outstanding, end of period	\$ 5.57	\$ 6.01	\$ 6.03	\$ 7.40	\$ 7.40	\$ 7.40
Per common share amount of net assets, excluding senior notes, end of period	\$ 22.50	\$ 21.97	\$ 25.25	\$ 26.05	\$ 37.23	\$ 37.23
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings ⁽⁸⁾	\$ 3,739	\$ 3,589	\$ 4,068	\$ 3,353	\$ 4,579	\$ 5,000
Asset coverage ratio of senior notes and credit facility borrowings ⁽⁸⁾	374%	359%	407%	335%	458%	458%
Asset coverage, per \$25 liquidation value per share of mandatory redeemable preferred stock ⁽⁹⁾	\$ 70	\$ 67	\$ 76	\$ 69	\$ 94	\$ 94
Asset coverage ratio of preferred stock ⁽⁹⁾	281%	270%	305%	275%	377%	377%

(1) Information presented relates to a share of common stock outstanding for the entire period.

(2) The per common share data for the years ended November 30, 2017, 2016, 2015, 2014 and 2013 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.

(3) Represents underwriting and offering costs of less than \$0.01 per share for the years ended November 30, 2016 and 2015. Represents the premiums on the shelf offerings of less than \$0.01 per share, less the underwriter discount and offering costs of less than \$0.01 per share for the years ended November 30, 2013.

(4) Not annualized for periods less than one full year.

(5) Total investment return is calculated assuming a purchase of common stock at the beginning of the period and a sale at the closing price on the last day of the period reported (excluding brokerage commissions). This calculation also assumes reinvestment of distributions at actual prices pursuant to NTG's dividend reinvestment plan.

(6) Annualized for periods less than one full year.

(7) For the period from December 1, 2017 through May 31, 2018, NTG accrued \$34,134,487 for net deferred income tax benefit. Included in the current period accrual is a deferred tax benefit of \$46,202,087 which is the impact from the federal tax rate reduction related to the Tax Cuts and Jobs Act. For the year ended November 30, 2017, NTG accrued \$440,504 for current income tax expense and \$39,035,257 for net deferred income tax benefit. For the year ended November 30, 2016, NTG accrued \$1,891,670 for current income tax expense and \$60,652,872 for net deferred income tax expense. For the year ended November 30, 2015, NTG accrued \$200,550 for current income tax expense and \$257,585,058 for net deferred income tax benefit. For the year ended November 30, 2014, NTG accrued \$581,000 for current income tax expense and \$98,329,597 for net deferred income tax expense. For the year ended November 30, 2013, NTG accrued \$141,332,523 for net deferred income tax expense.

(8) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes and credit facility borrowings outstanding at the end of the period.

(9) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the period divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the period.

See accompanying Notes to Financial Statements.



TTP Financial Highlights